



Daily Report

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China

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Daily Report

China

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General

Beijing Radio Cites Officials on GATT Bid

OW2312125094 Beijing China Radio International in English to Western North America 0400 GMT 23 Dec 94

[From the "Focus" program]

[FBIS Transcribed Text] The bid to resume China's signatory status in GATT dates back to July 1986, when the Uruguay Round of the world's multilateral trade negotiations began. As one of the three pillars of the post-World War trade system and the devout guardian of the market economy, GATT has been recognized as an economic United Nations. It has stuck to the basic principles of fair competition and free trade. Reentry into GATT will certainly strengthen China's reform and opening, and the establishment of a market-oriented economy. In addition, China's trade volume with GATT members accounts for 80 percent of its total foreign trade volume. China's reentry will provide added momentum to global trade and its trading partners. As Wu Yi, minister of foreign trade and economic cooperation, puts it: [Wu, in Mandarin fading into English translation] GATT needs China and vice versa. China's reentry is not only beneficial to itself but also to all the signatory parties of GATT and the world's multilateral trade system. Long Yongtu, secretary general of the Chinese GATT delegation, suggests the signatory parties of GATT should take a long-term view in their negotiations with China: [Long, in Mandarin fading into English translation] From a strategic point of view, the signatory parties should recognize China not only as a strong rival in the future but more as a huge market. It is nearsighted just to see China as a competitor.

Over the past eight years, GATT has become a well-known phrase all across the country. A consensus has been reached, which is GATT reentry means challenge and opportunity. With great determination, and a positive and cooperative attitude, China has fully participated in the Uruguay Round of the world's trade talks. Ever since China first applied for reentry, it has, in all earnest, taken one concrete measure after another to meet the requirements of GATT membership. The Chinese Government has undertaken a series of reforms in foreign trade in accordance with international standards. The establishment of a foreign-currency market, the reduction of import tariffs, a unified tax system, as well as the enforcement of the Foreign Trade Law have all demonstrated China's sincerity to participate in the multilateral trade system. In particular, the concessions made by the Chinese delegation are far beyond those made by other developing countries. The conditions for China's reentry are fully ripe as testified by the increasingly wide support China enjoys from most GATT members. However, the eight-year negotiations seem to have hit a brick wall. As Wang Shichun, permanent commercial attache of China to GATT, witnesses:

[Wang, in Mandarin fading into English translation] The whole process has been frustrating. In the first four rounds of talks, we answered more than 4,000 questions with great impatience. Our delegation has outlined China's trade system and has been completely open with GATT members. Wu Jiahuang, chief customs negotiator, is well aware of the difficulties: [Wu, in Mandarin fading into English translation] The negotiations are difficult in terms of technical steps which need to be taken. Every negotiation has been worked out in minute detail. But what is more difficult is how it will be able to endure the effects if tariffs are reduced.

But perhaps the biggest issue which remains unresolved is that a few signatory parties have insisted on recognizing China as a developed country, which should not be entitled to enjoy the same protected rights as developing countries. This is totally unacceptable to China. As Gu Yongjiang, chief GATT negotiator, emphasizes: [Gu, in Mandarin fading into English translation] China has repeatedly stated that it will not accept any excessive demand which a developing country cannot afford. We can only accept conditions in line with our national strength. We totally reject those exorbitant demands.

It would be disastrous to China's infant industries if these demands were to be accepted. The automobile industry is a typical example. With only three decades of development, it is like a child taking its first steps compared to the industrialized nations' mature auto industries. If China reenters GATT as a developed country, the infant industries will find themselves without any proper protection. That will be contrary to the rules of fair competition outlined in GATT, and international practice. China has reiterated its stand on GATT reentry. It will not reenter at any cost and sacrifice social and economic stability in return for an admission ticket. Negotiations on China's reentry broke up in Geneva on Tuesday [20 December] because of the excessive demands put forth by a few signatory parties, in particular, the United States. However, the door is not closed forever as Gu Yongjiang explains: [Gu, in Mandarin fading into English translation] China has not shut its door on GATT. We are confident that China will become a member of the world trade body because it is the inevitable trend of world trade and China's economic development. A small number of signatory parties cannot obstruct it. However, at the present time, we will not make good on any commitments in the course of reentry negotiations and put forward any new price offers.

Foreign Trade Minister Wu Yi stresses that no matter what happens in the future, China's reform and opening up will not slow down: [Wu, in Mandarin fading into English translation] Even if we cannot reenter GATT, our reform and opening-up trend is irreversible. China's modernization drive will not be affected. In addition, with economic development, the pace of reform will be quickened in accordance with our own time schedule. China will further develop its trade and economic cooperation with various nations and regions in the world on

the basis of equality and mutual benefit. And with concerted efforts, the Chinese Government and people believe that a free and fair multilateral trade system will eventually be established in the interests of world development and peace.

Economist Hopeful of GATT Reentry Next Year

HK2712102194 Hong Kong WEN WEI PO in Chinese
27 Dec 94 p A1

["Special dispatch" from Shanghai by staff reporter Liu Chun (0491 5028) on interview with Professor Wang Yaotian, director of the GATT Shanghai Research Center: "China Will Hopefully Join GATT Next Year"; date not given]

[FBIS Translated Text] Shanghai, 26 Dec (WEN WEI PO)—Owing to groundless obstructions and exorbitant demands by some signatory nations, China has been unable to "reenter GATT" at the end of this year. After the 19th Session of the GATT Working Party on China ended, this reporter had an exclusive interview with Professor Wang Yaotian, a well-known Chinese expert on GATT and director of the GATT Shanghai Research Center, on such issues as the impact of China's failure to "reenter GATT" this year, the obstacles which caused China's failure to "reenter GATT," the prospects for China's "reentry to GATT" next year, and so on.

Our revered Professor Wang, who met with Li Lanqing and Minister Wu Yi and some vice ministers from the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] in Beijing after China was prevented from "reentering GATT," talked freely to this reporter about his basic views regarding the issue of "reentering GATT." A few days ago, he was invited by the GATT Working Party on China to participate in the new round of talks in Geneva early next year. Why Was China Obstructed in Its Bid To "Reenter GATT?" [subhead]

Wang said: As everybody knows, the excessively high demands set by the United States on China was the principal obstacle on the road of China's "reentry to GATT." A small number of other countries followed the U.S. example and raised their demands, adding weight to the difficulty in the talks.

There are political as well as economic reasons for the United States preventing China from "reentering GATT."

Politically, after the Clinton administration announced the delinking of trade and human rights last May, the issue of China's "reentry to GATT" became its only "trump card" to control China. Clinton has been trying to win political votes by means of the GATT issue. In addition, China is a "giant lion" which is awakening and this has made some countries feel that their control over the Western Pacific and the Asia-Pacific Economic Cooperation organization has been impeded, so that they will try every possible means to check the increasing growth in China.

Economically, as estimated by some U.S. experts, once China "reenters GATT," its volume of exports will increase by 40 percent, which means rising from the present approximately \$100 billion to approximately \$140 billion. Of this total, the exports of textiles and garments alone will enable China to double its exports as a result of realizing trade liberalization in 10 years, which means an increase from \$27 billion in 1993 to more than \$50 billion. Based on this calculation, the United States thinks it appropriate to set exorbitant demands.

China's Economy Will Not Be Affected

Will China be unfavorably affected by the failure to "reenter GATT" this year?

"No," said our revered Wang. Given China's failure to "reenter GATT," a great many bilateral agreements and the most favored nation status will contribute to maintaining China's development in foreign trade. In addition, China has not been a member of this organization for several decades, yet its economy has been growing equally well.

He also pointed out: China should take the opportunity of not being a member of GATT to make good use of its time in readjusting its industrial set-up and developing a new foreign trade structure to meet the requirements of GATT in the future. After China "reenters GATT," approximately two-thirds of the existing state-owned enterprises will be battered to varying degrees and some enterprises which have been running in the red without being publicly known about will go bankrupt. If they make the best use of their time to prepare for the "reentry," some results can be produced.

The Open Policy Will Not Be Affected

Wang said: China will not slow down its pace of reform and opening up because of being hampered from "reentering GATT" by the end of this year, nor will it downgrade the openness of its foreign policies, because a fast-paced reform and opening up is required by its own economic development, while the repeated enhancement of market openness is an international trend.

He continued: Chen Yuan, vice president of the People's Bank of China, recently made our stand clear that the failure to "reenter GATT" will not affect China's banking reform and openness which, in fact, is a solemn statement by the Chinese Government.

Then, will the Chinese Government withdraw its previous commitments made for the "reentry" purposes? "No," Wang said, "if the GATT Working Party on China meets early next year to discuss the "reentry" issue, China will not withdraw the commitments it has already made."

The "Reentry" Issue Is Only a Matter of Time

Wang went on to say that he had two basic viewpoints on the issue of "reentering GATT": First, China will certainly restore its status as a signatory nation of GATT

and it is only a matter of time. It is impossible for the trade organization to always reject China, being such a tremendous trading power with such a huge market, from joining it. By the year 2000, there will be an investment opportunity of \$1 trillion in China. Hence, it is believed that the United States itself will not wish to ignore this.

Second, China will certainly be a founding member of the World Trade Organization which will be established early next year, since Gu Yongjiang, vice minister of MOFTEC, has signed the ultimate declaration of the Uruguay Round Talks and the "Agreement To Establish the World Trade Organization" on behalf of the Chinese Government.

Finally, Wang concluded: Although China has been unable to "reenter GATT" this year, it is highly possible that it will be able to achieve this aim in the first half of next year, since the GATT Working Party on China has decided to discuss China's "reentry" issue ahead of schedule next year.

Commentator on Failure To Enter GATT This Year

HK2612043894 Beijing RENMIN RIBAO in Chinese
23 Dec 94 p 6

[Commentator's article: "Uphold Principles, Look Forward to Future"]

[FBIS Translated Text] The GATT working party on China's accession concluded its 19th session in Geneva on 20 December. Due to the exorbitant requirements imposed by certain GATT signatory powers, the 19th session failed to reach a consensus on winding up the substantive talks on China's GATT reentry before the end of the year. Thus, the Chinese Government and people have expressed their deep regret over this outcome as well as profound grievances against certain GATT signatory powers for having violated the principle of universality adhered to by the multilateral trade structure and for disrupting the normal order of multilateral trade negotiations as well.

It is known to all that ever since submitting an official application for China's return to the GATT in 1986, the Chinese Government has taken a positive, conscientious, cooperative, and pragmatic approach; participated in and pressed ahead with negotiations at various stages, including the Uruguay round of GATT talks; and signed the final Uruguay Round agreement as well. Over the past eight years, China has carried out a series of drastic reforms regarding its own foreign trade system, foreign exchange system, taxation system, and pricing system, lowered import duties to a large extent, renounced a host of nontariff measures, followed more transparent foreign trade policies, and stepped up intellectual property rights protection as well. These have proven China's sincere and positive approach to its GATT reaccession application. Now that China's foreign trade structure has basically conformed to world economic and trade standards,

China has virtually met the most crucial requirements for joining the World Trade Organization, which will be set up soon. This is an important reason why China's GATT reentry has received widespread support. It is only logical and natural for the Chinese Government to demand that the substantive talks on China's GATT reentry should be wound up before the end of the year and that China should be admitted as a founding member of the future World Trade Organization.

China is a developing country. The Chinese Government has time and again solemnly declared that China has made commitments in the talks on China's GATT reentry in light of China's actual conditions. China will never try to reenter the GATT at all costs, nor will it do so at the expense of its national interests. Besides, China will never succumb to foreign pressure in this regard. Balancing a developing country's position, rights, interests, and obligations still remains a basic principle followed by China in the GATT reentry talks. This principled position of the Chinese Government has already been understood and supported by the majority of the GATT signatory powers, especially the developing countries.

Nevertheless, it should be noted that a small number of GATT signatory powers with ulterior motives have unjustifiably obstructed China's GATT reentry. Since reform and opening up, the Chinese economy has enjoyed sustained growth and has received worldwide attention and commendation. More and more countries now hope to see China reenter the GATT at an early date. However, certain western powers, which are only interested in occupying the China market and are unwilling to see a strong and developed China, have taken the talks on China's GATT reentry as a means of subduing China. Regardless of China's economic growth and the Chinese people's bearing capacity at present, they even imposed exorbitant requirements unprejudiced by the GATT in an unmistakable attempt to exclude China from the future World Trade Organization and jeopardize China's development. What they have done runs counter to the global trend and enjoys no popular support at all.

China's great effort aimed at reaccessing to the GATT have been fully affirmed by the world at large. While making efforts to accede to GATT, China has also been carrying out deep-going reforms. China, a great trading power in the world, is now willing to make its due contribution to the development of world trade. It is our firm belief that while China needs the world, the World Trade Organization needs China. China's reentry into the GATT at an earlier date will definitely benefit both China and the world at large. It is regrettable that the parties concerned have failed to reach an agreement on China's GATT reentry within this year. However, no matter when China is admitted into the World Trade Organization, China will, as always, continue to push forward reform, opening up, and the modernization drive, develop bilateral economic and trade cooperation

as well as multilateral economic and trade relations with all countries in the world on the basis of equality and mutual benefit, and make unremitting efforts to build a free and fair world trade order.

XINHUA Kills Item on Bosnia-Herzegovina

OW2512164794 Beijing XINHUA Domestic Service in Chinese 0716 GMT 23 Dec 94

["Roundup for the 'Daily Telegram'" by XINHUA reporter Xu Kunming (1776 0981 2494): "Big Powers Intensify Their Fight Over Bosnia-Herzegovina"; Beijing XINHUA Domestic Service in Chinese at 0930 GMT on 23 December transmits a service message canceling the following item]

[FBIS Translated Text] Beijing, 23 Dec (XINHUA)—The civil war in Bosnia-Herzegovina, which is the focus of international attention, is actually not just a civil war. As the three Bosnian ethnic groups are killing each other, the big powers of the United States and Europe are engaged in a fierce, behind-the-scenes tussle. Strife over Bosnia-Herzegovina, both overt and covert, between the big powers has escalated since the beginning of this year.

Driven by ideological concerns and strategic interests, the West attempted to exploit the Bosnian civil war to weaken communist-ruled Serbia in the wake of the former Yugoslavia's disintegration. What is more, it wanted to prevent the birth of a "Greater Serbia" in the Balkans. The West, therefore, contributed to the escalation of the Bosnian ethnic conflict through its recognition of Bosnia-Herzegovina's independence in April 1992, when the three ethnic groups began showing differences over Bosnia-Herzegovina's political future. After the civil war broke out, the West regarded the Serbs and Bosnian Serbs as the "chief culprits" while viewing the Muslims and Croats as "victims." In their practical actions, they supported one group and suppressed the others.

Although both the Croats and Serbs have encroached on Bosnia-Herzegovina, the West has imposed sanctions only on the Serbs. And despite the fact that both the Muslims and Serbs have rejected the peace plan, the West has applied pressure only on the Serbs. The West remained silent when Muslim troops launched several offensives against Bihac and other areas this year. When Serbian troops began to counterattack, however, the West raised a hue and cry, and it mobilized NATO aircraft to launch "air strikes" against the Serbs. The West's unfair attitude has fueled the Bosnian civil war.

Western countries are not in total agreement. There are also major differences and conflicts over the Bosnian issue between the United States and West Europe.

Britain, France, and other West European countries are keenly aware that the Bosnian civil war seriously threatens their own security, and they worry that the refugee tide from Bosnia-Herzegovina will affect their social stability. Accordingly, they acted as mediators,

opposed the use of force, and unhesitatingly sent ground troops on a peacekeeping mission to Bosnia-Herzegovina following the outbreak of the civil war there. When they found that they were not up to the mission, they asked the United States to join them but did not want to see the latter play a leading role. They were deeply dissatisfied with the United States for advocating air strikes against the Serbs and the lifting of the arms embargo against the Muslims without having contributed any peacekeeping troops. They worried that this would lead to an escalation of the war and endanger the safety of their peacekeeping troops.

The United States believes that the Bosnian civil war, instead of harming its strategic interests, can keep its European allies in line. The United States, therefore, has "watched from the sidelines" for a long time, or has even intentionally undercut its allies by lending covert support to the Muslims in rejecting the peace plan proposed by the EU. To serve its interests in the Middle East and accommodate Islamic countries' demands, the United States strongly advocates altering the balance of power between the three Bosnian parties by arming the Muslims.

Both Russia and Serbia are adherents of the Eastern Orthodox Church. Relations between the two countries, which fought side by side in the two world wars, have always been close. Russia has always considered the former Yugoslavia to be its sphere of influence. Two years ago, Russia had no choice but to accommodate the West on the Bosnian issue because it was dependent on the latter to solve its economic woes. As a military big power, however, Russia is determined not to become a "junior partner" to the West, much less to ignore its own interests in the Balkans.

Since the beginning of this year, the Russian Government has reworked its foreign policy in an attempt to regain its big-power status. When the West issued an ultimatum through NATO to the Bosnian Serbs in February without consulting Russia, President Yeltsin openly stated that the West could not exclude Russia from having a role in the Bosnian issue. He sent a special envoy to Bosnia-Herzegovina to persuade the Serbs to remove their heavy weapons, and he promised to send peacekeeping troops to Bosnia-Herzegovina. The Russian initiative led to the suspension of NATO air strikes while also demonstrating Russia's influence over the Serbs and increasing Russia's say on the Bosnian issue.

The West is deeply disturbed by Russia's resumption of its big-power status on the Bosnian issue. The United States, which does not want to see Russia score points on the Bosnian issue in the absence of any U.S. action, has decided to intensify its fight against Russia for influence in the Balkans.

In the spring of this year, the United States brushed aside the Owen-Stoltenberg plan and floated a "federation-plus-confederation" plan in an effort to influence developments in the Bosnian situation. Thanks to the U.S.

carrot-and-stick approach, the Muslims and Croats stopped fighting and began to form a federation. This "monopolistic" approach of the United States brought significant changes to the Bosnian situation, turning a three-way melee into a duel. The Muslims extricated themselves from their predicament in which they were under attack from both the front and the rear

will certainly show a smile... (changing time of cease-fire from 23 December to 24 December, rewording)

The crisis in Bosnia appeared to be totally hopeless prior to Carter's arrival there. For more than 1,000 days, Bosnia was engulfed by raging war flames, and the war had already caused more than 200,000 casualties and

again underscored his "unofficial capacity," he has maintained close contact with the White House from the very beginning, and people look upon him as the U.S. President's "special ambassador plenipotentiary." Moreover, although Carter lost his former power when he lost the presidency, he now has a freedom which comes of not being restricted by the government's current policy, and so he has greater room for maneuver. Finally, as a result of his long political life, Carter has accumulated valuable experience in handling crises. He is good at taking advantage of opportunities to respond intelligently and appropriately. Carter's previous successes in miraculously averting crises in the Korean Peninsula and on Haiti also have something to do with the aforementioned factors.

However, just as experts say that Bosnia is not the Korean Peninsula or Haiti and the complexity and formidability of the two issues are incomparable. A good beginning does not necessarily signal a good end. The intensity of the struggles waged by Bosnia's hostile parties, which have deep-seated rancor against each other, will be the same as that on the battlefields. Meanwhile, nobody can predict whether Carter's smile will last.

Year-End Views World Situation in 1994

HK2712033894 Beijing RENMIN RIBAO in Chinese
20 Dec 94 p 7

["Yearend Special Article" by China International Studies Center: "Characteristics of the International Situation in 1994"]

[FBIS Translated Text] Abstract of Contents: 1994 was a year in which the international situation witnessed complicated and profound changes after the repercussions of the disintegration of the Soviet Union basically subsided, and a year in which economic concerns moved closer to becoming the most important and crucial factor in relations between countries, and the trend of the world developing into a multipolar pattern became more obvious. [end abstract]

I.

One of the important characteristics of the international situation in 1994 was that the political and economic structures within the major Western powers experienced profound changes, and their political situations fluctuated.

In recent years, the U.S. economy has improved quite rapidly, and the adjustment of its economic structure has achieved some results, ranking its competitive power first in the world; however, during the mid-term elections this year, the Democratic Party, which has run the administration for only two years, was badly defeated. This shows that the long period of the Cold War has eaten into the national strength of the United States and has caused deep wounds within the country. Since the

end of the Cold War, the United States' internal contradictions have rapidly surfaced. The country has not been able to solve the economic, political, and social problems that have accumulated over the years, and even the economic recovery has not brought real benefits to the majority of citizens. The people have generally lost confidence in the current administration and party. Signs show that the United States is undergoing a period of "adjustment" and "transformation."

In Japan, the cabinet has gone through frequent changes in recent years. The great repercussions from the conclusion of the Cold War are having a profound impact on the Japanese political system. The tradition of solitary rule by the Liberal Democratic Party, which was formed during the long period of the Cold War, cannot continue, and various political forces in Japan are rapidly disintegrating and reorganizing themselves. The Liberal Democratic Party formed a coalition cabinet with the Socialist Party, nine non-ruling parties disbanded themselves, and the Japan New Party proclaimed its establishment. This kind of unstable political situation will continue, and the outcome will have a great impact on Japan's future development.

Over the past year, the economies in various West European countries have recovered, but the speed has been slow, and the number of unemployed has not decreased. The people have more grievances, extremist forces have risen, and the statuses of the major ruling parties have been weakened. Due to the changes in the international political and economic pattern, as well as their own economic difficulties, the European countries are increasingly coming into disagreement over the issue of how to promote European unification.

II.

Another characteristic of the international situation in 1994 was that the relations between the major powers experienced some important and complicated changes and the multipolar tendency further developed.

The United States is still trying hard to maintain its status as the only superpower in the world, but its domestic problems are serious, and externally it is facing challenges from other emerging international forces, so its ability to handle international affairs has been constrained. The current U.S. foreign policy stresses economic concerns, and the United States is being more selective in its military intervention in foreign countries. In order to pursue the great interests in Asia, the United States has had no choice but to adjust some actions concerning the human rights issue. Furthermore, when handling its relations with the Atlantic league [da xi yang lian meng 1129 6007 3152 5114 4145], the United States must consider the interests of its allies in western Europe. After the mid-term elections, the Clinton administration's foreign activities will be constrained and influenced by the Republican Party, which has now taken the majority in Congress.

Since this year, Russia's foreign policy has shown some marked changes, and it is stepping up its effort to regain the status of a major power. Russia has repeatedly stressed its leading role in the Commonwealth of Independent States; it has adopted a rhetoric which contradicts the West regarding several hot spots, such as Bosnia-Herzegovina; and it refused to yield on the issue of security in Europe, especially on the issue of NATO's expansion to the east. All these examples point to a growing conflict between Russia and the West.

Japan has also stepped up the adjustment of its foreign policy; its effort to become a major political power has become more obvious; and it has worked hard to build equal relations with the United States. But some individuals in the Japanese Government cannot face the problem of history and responsibility of World War II, to the extent that "apologetic diplomacy" and "diplomacy characterized by indiscreet remarks" have appeared in succession, causing concern among the people.

Germany has further strengthened its status in Europe, and its effort to become a major political power is also very clear. Centering on the question of through what mechanism European affairs should be handled and who should play the leading role, the struggle among the United States, Europe, and Russia has become acute.

The Asia-Pacific region is rising. The demands and ideas raised by the developing countries in Asia, including China and the ASEAN countries, have won more attention in the international community. The major countries in the West have one after another adjusted their relations with China, and China has played an increasingly important role in promoting peace and development in the Asia-Pacific region and the world.

The process of forming the multipolar international system is a process of changes in the strengths and statuses of various countries—especially the major countries which affect the international situation—amid a long and intense international competition; in this process, various kinds of conflicts are complicated and rapidly changing, and various forces will be constantly disintegrating and coming back together.

III.

Economic concerns have become more prominent in international relations; the economies in East Asia have developed rapidly and consistently; and this was another characteristics of the international situation in 1994.

Because the focus of international competition has shifted to the economic arena, various countries have moved their strategic focuses to economic development, and the priority of economics has already become a world trend. When handling relations with other countries, various countries attach greater importance to safeguarding their own economic interests.

The cooperation and competition in international economic relations are both strengthening. Since the Uruguay Round of trade talks reached an agreement, most

countries have been working hard to implement the agreement, so as to build a more open framework of global trade. On the other hand, influenced by the tendency of protectionism, the increasingly acute competition, and factors such as geographic proximity and complementary economies, regional economic organizations are developing. The process of European unification continues to develop; the North America Free Trade Area has entered the phase of implementation and is expanding to Latin America; the Asia-Pacific Economic Cooperation [APEC] forum is evolving in the direction of institutionalization; and other triangle economic organizations or sub-regional economic cooperation organizations are experiencing solid development.

With their stable political situations and rapid economic growth, the east Asian countries have attracted a great deal of attention worldwide. Major countries have inclined more toward Asia in their economic policies and have begun economic cooperation with Asia, especially with China. Asia is becoming the important motive force promoting economic development in the Asia-Pacific region and even in the world. The second informal meeting of the leaders of the APEC forum and the joint declaration they issued—the Bogor Declaration—have illustrated the broad prospects for economic cooperation in the Asia-Pacific region.

IV.

Historic breakthroughs were made in some problems of regional conflicts left behind by the Cold War period; the overall world situation eased further; and this was also a conspicuous feature of the international situation in 1994.

In the Middle East, after Palestine and Israel signed the agreement on autonomy, Jordan and Israel officially established diplomatic relations. The Middle East summit in Casablanca in north Africa signified a general improvement of relations between Israel and the Arab countries. This indicates that the countries in the Middle East long for stability and that the relevant countries all give priority to economic work and the need to establish a peaceful environment in the region. Although there are still obstacles to realizing a comprehensive peace in the Middle East, such a general tendency has become irreversible. In Africa, Nelson Mandela became the first black president in the history of South Africa, and this signified an end to the rule of racism in that country. The long civil war in Angola showed hope of reconciliation. In Asia, North Korea and the United States reached a framework agreement on the nuclear issue, enabling the situation in North Asia to change for the better. Facts prove that consultation and dialogue on an equal footing are the most effective ways to solve regional conflicts.

Some regional conflicts—especially the problems of the hot spots which have emerged after the end of the Cold War—have yet to be settled, and some have even deteriorated. The war in the former Yugoslavia areas has become even fiercer, and, due to the interference of Europe, the United States, and Russia, the situation has

become more complicated. The situation in Cambodia is still very unstable. A tense situation has emerged in the Gulf from time to time. Some republics in the former Soviet Union are still in a tumultuous situation. The world is not at all tranquil.

V.

In the approaching 1995, international relations will continue to adjust, and the international situation will continue to ease. Nevertheless, many deep-level problems in international politics and economy will remain difficult to solve; the situation will continue to change rapidly and be complicated; the competition between various forces will intensify; and the world will move further toward multipolarity.

Year-End on Diplomatic Successes in 94

HK2712090794 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 14 Dec 94 p 1

["Year-End Special Article" by Tang Tianri (0781 1131 2480): "A Year of Bumper Harvest in China's Diplomacy"]

[FBIS Translated Text] China has been unprecedentedly active in carrying out an omnidirectional independent foreign policy this year and has attained fruitful results.

Over the year, party and government leaders and senior government officials at above ministerial level have made frequent visits abroad, setting foot in dozens of countries in the five continents. The most conspicuous visits include President Jiang Zemin's tour of three European countries and four Southeast Asian countries, Premier Li Peng's visit to four Central Asian countries and Mongolia, NPC [National People's Congress] Standing Committee Chairman Qiao Shi's trip to three West European countries and four nations in Latin America and the South Pacific, and CPPCC [Chinese People's Political Consultation Conference] Chairman Li Ruihuan's tour of five countries in Europe. According to incomplete statistics, from the beginning of the year to the present, some 40 heads of state and government, 17 parliamentary leaders, and dozens of vice presidents, deputy prime ministers, and foreign ministers have visited China. China has also effectively participated in the world and regional security cooperation and economic and trade cooperation.

The countries in the West have increasingly come to realize that world peace and development need China and that China's rise is irresistible. They cannot isolate China nor can they find a way out by imposing sanctions against China because, if they do so, they themselves will suffer in the long run. In view of such considerations, the United States and West European countries have readjusted their policies toward China one after another and have gradually improved and developed their ties with China.

On Sino-U.S. relations, the Clinton administration declared at the end of May 1994 the unconditional extension of China's most favored nation [MFN] trading status and decided to delink the renewal of MFN with the human rights issue. The decision created favorable conditions for the two sides to strengthen and expand economic and trade cooperation and further improve and develop bilateral ties. In mid-November, President Jiang Zemin and President Clinton met once again in Jakarta. This constructive atmosphere will further accelerate the development of bilateral ties.

China's relations with Western Europe have continuously developed along with the readjustment of their policies toward China. In the first half of this year, the volume of China's trade with Western Europe exceeded \$15.5 billion, an increase of 34.8 percent over the same period last year. Germany has become China's largest trading partner in Europe. Following the signing of the \$4-billion Sino-German contract and letter of intent in the middle of last year, Premier Li Peng signed another \$4-billion contract and letter of intent during his visit to Germany in July 1994. Sino-French economic and trade ties have resumed and developed this year. During President Jiang Zemin's visit to France in September, the two countries signed 19 economic and trade cooperation agreements and letters of intent, involving a total sum of 18.1 billion francs.

China's good-neighbor and mutual cooperation relations with surrounding countries further developed this year. The neighboring countries unanimously believe that China is an important force for maintaining peace and development.

In the Northeast Asian region, new progress has been registered in relations between China and Russia, the two big powers. During Jiang Zemin's visit to Russia in September, the two sides reached common understanding on establishing relations of a new partnership which caters for the 21st century. Jiang also signed a joint declaration which guided the development of ties between the two countries. The Sino-Japanese economy and trade continued to develop. It is estimated that the volume of trade between the two countries will exceed \$40 billion. Premier Li Peng's visit to Mongolia in April and to the ROK in November further developed Sino-Mongolian and Sino-ROK ties. International public opinion holds that China played an important role in the "framework agreement" reached between the DPRK and the United States regarding the nuclear issue.

In Southeast Asia, President Jiang Zemin's visit to four Southeast Asian countries in November, further consolidated and developed China's good-neighbor ties with the Southeast Asian countries. The visit gave prominence to China's economic and trade cooperation relations with the four countries. President Jiang Zemin reached common understanding with the leaders of the four countries on bilateral ties and a wide range of issues of common concern. All these countries wanted to

develop good-neighbor relations and promote mutual cooperation through dialogue and consultation. The differences which could not be resolved were temporarily shelved in order to seek common ground while reserving differences, thus not affecting the normal development of state-to-state relations.

China's friendly and good-neighbor relations with central Asian countries continued to improve and develop. In April this year, Premier Li Peng visited four central Asian nations and signed the Sino-Kazakhstan border agreement with Kazakhstan, which turned the 1,700-km border into a bond of friendship and cooperation. China has also continuously consolidated and developed its good-neighbor ties and friendly cooperation with the south Asian countries.

World public opinion holds that China's economic development and the expansion of its market constitute the strength and backing for its unprecedented active diplomacy and its growing international status.

Commentary on China's 1994 Diplomacy

OW2512121594 Beijing XINHUA Domestic Service in Chinese 0450 GMT 25 Dec 94

[By reporter Yang Guojun (2799 0948 6874): "For Peace, Security, Stability, and Development in the 21st Century—a Commentary on Chinese Diplomacy in 1994"]

[FBIS Translated Text] Beijing, 25 Dec (XINHUA)—The year 1994 was a year in which China made important progress in establishing and implementing its diplomatic strategy for the 21st century. It was also a year in which it effectively promoted economic cooperation and trade with foreign countries.

During this year, more than 40 foreign heads of state and government leaders—among the most numerous in China's diplomatic history—have visited our country. The number of visits to foreign countries by top Chinese leaders was also exceptionally high.

Frequent high-level contact between Chinese and foreign leaders not only reflects the new situation emerging after the Cold War—a situation in which "China needs the world and the world also needs China"—but also fully demonstrates that the independent foreign policy of peace persistently pursued by China, particularly the diplomatic strategy of peace, security, stability, and development for the 21st century developed through readjustment in recent years is gaining increasingly broad approval in the international community.

Since the end of the Cold War, detente has become the main trend in the contemporary world, and economic factors are becoming increasingly important in international relations. However, the world is far from being at peace, and factors of instability still exist in many regions. Some of the factors of instability, such as the issue of the Korean Peninsula, are the legacy of the Cold

War. Some, such as economic frictions and territorial land or water disputes, have been made more conspicuous as a result of the end of the Cold War. Still others have been the result of the failure on the part of certain countries to adapt to the changes in the post-Cold War situation in their policies and ideologies. For example, some countries over-emphasize ideology and try to impose their ideologies on others.

Facing this new situation, China readjusted its foreign policy in a timely fashion with a view to preparing for the 21st century. It established the long-term strategic goal of safeguarding peace, security, stability, and development in the world, particularly in the Asia-Pacific region, by vigorously strengthening relations with countries in the Asia-Pacific region, consolidating good-neighbor, friendly relations with neighboring countries, strengthening relations with developing countries, and developing relations with European countries while simultaneously launching diplomatic activities in all directions. In addition, together with the rest of the international community, it actively seeks ways and means to resolve factors of instability. China does not ally itself or establish strategic relations with any powers, nor does it support one against the other. In international affairs, it will never submit to pressures from any powers or groups.

Arguably, President Jiang Zemin's successful visit to three European countries last September and four Asia-Pacific countries last November, and Premier Li Peng's successful visit to 10 European and Asian countries represented the efforts made by the Chinese Government toward this goal. These efforts have produced notable results.

Several years after the end of the Cold War, a new setup has emerged in the world situation as a result of the restoration and development of relations between China and Western powers. The meeting between Presidents Jiang Zemin and Clinton at the Asia-Pacific Economic Cooperation [APEC] forum, the second of its kind, and the U.S. decision to delink the Most-Favored Nation [MFN] status from the human rights issue signified a strong momentum [hao di shi tou 1170 4104 0528 7333] for improving and developing Sino-U.S. relations. At the same time, high-level visits between the two countries have increased, economic relations and trade have improved, and relations between the two armed forces have also been restored. The visit by the French prime minister, and the Canadian governor general and prime minister indicated the normalization of Sino-French relations, and the complete restoration of political ties between China and Canada. Premier Li Peng's visit to Germany and Vice President Rong Yiren's visit to Japan further established China's long-term friendly relations with those two countries, and helped strengthen cooperation with them in various fields, particularly in economic and trade areas. Sino-Russian relations, which are founded on the basis of the five principles of peaceful coexistence, also underwent new developments. The two

countries not only signed an agreement pledging not to direct their nuclear weapons at the other, but also concluded an agreement on preventing dangerous military activities by the governments of the two countries. The signing of these agreements will have an important effect on peace in the region as well as the world.

What is noticeable is that during their visits to many countries this year, the Chinese leaders clearly and specifically presented and explained the principles for developing bilateral ties. They included the five principles for dealing with Sino-U.S. relations put forward by President Jiang Zemin during his meeting with President Clinton, the six principles for developing Sino-Russian relations during his visit to Russia, and the four principles governing relations between China and West European countries put forward during his visit to France; as well as the four principles governing Sino-German relations put forward by Premier Li Peng during his visit to Germany and the principles on developing relations with Romania and other East European countries put forward by him during his visit to Romania.

Among these principles governing bilateral relations, the common, underlying principle is to base ourselves on and have our eyes on the 21st century by strengthening consultation and cooperation in international affairs, and developing friendly and cooperative relations in economic and numerous other areas to establish a new equitable and rational international political and economic order.

The "economic diplomacy" carried out over the past year with the focus on developing economic relations and trade with various countries in the world has produced remarkable success. For the first time in China's diplomatic history, large numbers of Chinese entrepreneurs accompanied the leaders during their foreign visits. More and more foreign entrepreneurs, especially transnational corporations, are seeking cooperation with China in broader areas.

'Year Review' of Beijing's Diplomacy Viewed

*OW2612035894 Beijing XINHUA in English 0330
GMT 26 Dec 94*

[**"Year Review on China's Diplomacy"—XINHUA headline**]

[**FBIS Transcribed Text**] Beijing, December 26 (XINHUA)—The outgoing 1994 has witnessed China's major progress in establishing and implementing its diplomatic strategy which caters to the 21st century, and effective economic and trade cooperation between China and other countries.

During the year, more than 40 heads of state and government leaders visited China, a new yearly record in the history of China's exchanges with other countries. It was also rare for Chinese leaders to visit so many foreign countries in 1994.

The frequent high-ranking contacts between China and other countries reflect not only the new situation that "China needs the world while the world also needs China" after the end of the Cold War, but also demonstrate that the country's consistent independent foreign policy of peace, especially its newly adjusted diplomatic strategy aiming to the next century, has been increasingly winning the recognition of international community.

With the termination of the Cold War, relaxation is becoming a main world trend and the economy is becoming an increasingly important factor in international relations.

But the world is far from tranquillity. Instable factors still exist in quite a number of regions. Some are left by the Cold War, such as the Korean Peninsula issue, some protrude with the end of the Cold War, including economic frictions and territorial disputes. And some other instable factors were caused by the foreign policies of some countries, which has not yet adapted themselves to the changes of the post-cold-war situation, as they emphasize the ideology and force their views onto others in handling state-to-state relations. Facing the new situation, China, like many other countries, has adjusted its foreign policy catering to the next century, which is made up of the following aspects: —Going all out to strengthen its links with Asia-Pacific countries, especially stabilizing friendly ties with its surrounding countries; —Enhancing its relations with developing countries and European nations to maintain world peace, security, stability and development, especially in Asia-Pacific regions. —Actively seeking positively ways and methods of settling instable factors together with international community; —Neither forming alliance nor cementing strategic ties with any powers or supporting one power against the other; —Never bending to pressures imposed by any powers or groups of powers in international affairs.

The visit to three European countries made by Chinese President Jiang Zemin in September and his trip to four Asia-Pacific nations in November, as well as visit to ten European and Asian countries by Chinese Premier Li Peng, can be regarded as the efforts of the Chinese government to realize the above-mentioned goals, which has gained obvious effects.

The restoration and development of the relations between China and Western powers have created a new world pattern after the Cold War.

The second meeting between Chinese President Jiang Zemin and his U.S. Counterpart Bill Clinton in APEC Summit conference and the U.S. Decision to delink MFN status with China's human rights indicated a good momentum of the improvement of bilateral ties. Meanwhile, the exchange of high-level visits increased, the bilateral economic and trade relations between the two countries have been promoted and even the links between their armies have been restored.

The mutual visits made by Chinese top leaders and their French, Canadian German and Japanese counterparts have reinforced the overall relations between China and those western countries.

As for Sino-Russian ties, the signing of a series of agreements by the two countries, including no longer targeting nuclear weapons to each other and preventing the occurrence of any dangerous military activities, will play an important role in safeguarding the peace in the region and in the world as a whole.

An conspicuous feature of China's diplomacy this year is that Chinese leaders set forth and expounded the detailed principles guiding bilateral relations.

In his meeting with U.S. Counterpart Bill Clinton in November, President Jiang Zemin put forward the five principles of Sino-U.S. Relations. During his trip to Russia and France, Jiang raised the six and four principles of relations respectively with Russia and France.

Of all these principles, the common and primary one are gearing to the 21st century, consolidating consultations and cooperation in global affairs as well as economic collaboration with a view to establishing a fair and just world political and economic order.

The "economic diplomacy" has also yielded remarkable achievements. More and more Chinese entrepreneurs accompanied government leaders on trips abroad, and an increasing number of business peoples from overseas came to seek opportunities in China in a still wider range of spheres.

RENMIN RIBAO Yearender on Disarmament Issue

*HK2712002494 Beijing RENMIN RIBAO in Chinese
16 Dec 94 p 7*

["Yearend special article" by Luo Renshi (7482 1804 4258), researcher with China Society for International Strategy Studies: "Arms Control and Disarmament in the World: New Situation and Old Problems"]

[FBIS Translated Text] In recent years, with the end of the Cold War, some breakthroughs were made in the arms control and disarmament in the world and some major bilateral and multilateral accords were reached. However, some existing contradictions were not resolved and some new problems have appeared. The task of arms control and disarmament remains very arduous.

The U.S.-Russian Nuclear Treaty created a new situation in nuclear disarmament but things are still far from the objective of completely eliminating the threat of nuclear war. According to the two disarmament treaties signed by the United States and Russia in 1991 and 1993, the two countries will separately reduce their strategic nuclear warheads to 3,500 and 3,000 respectively by the year 2003. That is, the total 23,000 warheads the two

countries possess will be reduced by two-thirds. According to a report by the U.S. journal ARMS CONTROL TODAY, by the end of 1994, the United States had reduced its nuclear warheads to some 8,300 from 12,118 in 1991 and Russia's strategic nuclear warheads had been reduced to some 9,600 from 10,909 in 1991. In addition, progress was made in dismantling the nuclear weapons left by the former Soviet Union in Kazakhstan, Belarus, and Ukraine.

However, even if the U.S.-Russian nuclear disarmament agreements are completely put into practice, the nuclear warheads kept by the two countries could still destroy the world many times over. A more worrying fact is that while reducing the numbers of their nuclear warheads, the United States and Russia are still upgrading the quality of their own nuclear weapons and studying micronuclear bombs. At the same time, in the name of building regional antimissile systems, the two countries are developing their defensive forces against ballistic missiles. The building of such defensive systems indicates that the two sides are still increasing their nuclear offensive strength in order to change the balance of nuclear strength. This may thus arouse another round of the arms race, thus it is a new trap in the course of disarmament.

The reduction in conventional armaments in Europe removed the unstable factors in the situation in Central Europe where intensive military confrontation lasted for a very long time but many countries are increasing their ability to dispatch forces to overseas areas and this has increased the danger of military intervention. According to the accord on reducing conventional armaments reached by the 22 countries in the two former military blocs in Europe, a total of 50,000 pieces of conventional weapons (tanks, armored vehicles, cannons, airplanes, and helicopters) should be cut. At present, 60 percent of this target has been completed. In the aspect of personnel reduction, many European countries have reduced the actual number of their troops below the accord targets. The danger of a large-scale war breaking out in Europe can now be avoided. After the end of the Cold War, however, the United States, Russia, and other major military powers in Europe made efforts to develop their fast-reaction troops to enhance their ability to dispatch forces to overseas areas. The United States has organized mobile intervention forces of over 50,000 troops and is ready to get involved in overseas conflicts by sending such forces out. Russia has also planned to build its airlift strategic mobile forces. In the process of building mobile forces, various countries have quickened the pace of developing their navies and air forces.

Major results have been achieved in the multilateral disarmament talks but the United States and the West orient their war preparations to Third World countries in the name of preventing proliferation, taking this as the key point of arms control. The multilateral disarmament talks were mainly held during the Geneva Disarmament Talks attended by representatives of 39 countries. At

present, the convention on banning chemical weapons has been signed by more than 150 countries and it is expected that the convention will come into force in early 1995. This is the first accord on completely banning a large category of weapons of mass destruction in the field of disarmament. In 1994, the Geneva Disarmament Talks began discussions on a treaty on fully banning nuclear tests and the accord is being drafted now. China stands for reaching agreement on the accord by 1996. The talks on banning the use of fission materials for making nuclear weapons have already received UN authorization and will officially begin soon. If accords are reached in the two sets of negotiations, they will become major steps for fully banning and thoroughly eliminating nuclear weapons.

After the Gulf war, the United States and some Western countries stressed that the development of nuclear, biological, and chemical weapons and missiles in a small number of third world countries constituted threats against their security, so they called for shifting the focus of arms control to the field of preventing the proliferation of such weapons of mass destruction and their carriers. Among the agreements on preventing proliferation, the "Accord on Nonproliferation of Nuclear Weapons" coming into force in 1970 has been signed by 166 countries and will mature in 1995. At present, the work of arranging the extension of the treaty is going on. In addition, a small number of developed Western countries formulated the "Rules on Controlling Missile Technology" in 1987; and the Western countries, headed by the United States, continued to make revisions and additions to the document and require other countries to observe it.

Although such treaty and rules did play a role in maintaining peace and stability in the world and in various regions, some provisions therein are not fair and bear double standards, affecting the legitimate defensive needs of the developing countries and the peaceful use of sophisticated technology. Therefore, while stressing the need to shift the focus of efforts to preventing proliferation, the Western powers are in fact turning the spearhead of arms control toward the Third World countries, thus intensifying the North-South contradictions.

The arms control model of "cooperative security" was highly valued but the West tried to peddle its "CSCE experience." Cooperative security is the pattern of improving military relations and preventing conflicts through the adoption of nonantagonistic and cooperative measures. After the end of the Cold War, a series of "cooperative security" measures were adopted in Europe, such as, increasing the transparency of the armaments, establishing mutual trust, opening outer space, and setting up various security mechanisms. In Europe, military exercises involving more than 13,000 troops will have to be announced to the various relevant countries beforehand. Countries in Europe have the right to carry out air supervision flights several times over other countries. Such measures have played a

certain role in easing the European situation. At present, certain "cooperative security" measures have also been adopted among some countries in the Asia-Pacific region, in the Middle East region, and in the Latin American region.

However, The Western countries tried to peddle their European security model through the United Nations and other international institutions and tried to transplant the practice of "cooperative security" against the special background in Europe to other regions. This obviously went against the basic principle of consultation in the United Nations. Countries in various regions should work out and adopt their own cooperative security measures through their consultations in the light of the security situation in their own regions.

As mentioned above, major changes have occurred in the situation of arms control and disarmament in the world but some old contradictions have not yet been really resolved while new problems have continuously appeared. The main problem is that "the current disarmament accords are all merely related to quantitative restrictions and do not impose any restriction on qualitative improvement of the weapons. In particular, the United States and Russia are not only continuously upgrading their nuclear weapons and developing antimissile systems but they are also making great efforts to develop high-tech conventional equipment by applying such advanced and new technology as radar invisibility, laser, artificial intelligence, directional energy, and biological engineering to the development of new weapon systems. Thus, the arms race focused on qualitative enhancement has not come to an end yet.

Second, the United States, Russia, and some Western military powers are still carrying out a "deterrence strategy" and this makes it hard to further reduce nuclear and conventional armaments. After the end of the Cold War, the United States did not terminate but simply further developed its nuclear deterrence strategy. Russia also adjusted its nuclear strategy somewhat. While developing the high-tech conventional weapons, they attached greater importance to "conventional deterrence." Such deterrence theory provides the grounds for expanding military strength and also becomes the fundamental obstacle to further and in-depth disarmament.

On the other hand, some big powers are selling weapons in large quantities to other countries and this also greatly offsets the positive significance of disarmament and increases the danger of instability and conflicts in local military situations. As it is unlikely that a full-scale world war will break out, the world's arms market has generally become dull. However, such major arms exporters as the United States, Russia, and France still attach importance to the staggering profits from arms sales and continue to take this as a means of expanding their political influence. Thus, they continue to sell new weapons and military equipment as well as weapons they do not use any more to foreign countries. The United States has

now surpassed the former Soviet Union and become the world's number one arms exporter. In 1988, the U.S. exports of arms amounted to \$13.5 billion and the Soviet Union's exports amounted to \$14.9 billion. In 1991, the U.S. exports increased to \$18.7 billion, and Russia's decreased to \$5 billion. In 1993, the exports of arms by the United States amounted to \$32.4 billion against Russia's exports of \$4.5 billion. According to THE WALL STREET JOURNAL's report of 21 June, the U.S. share in the world's arms market increased to 25 percent in the late 1980's to 60 percent at present. Moreover, the U.S. exports account for the largest proportion of arms exports to the Third World countries; the proportion was 56 percent in 1992 and increased to 73 percent in 1993. At present, Russia, France, and Britain are all trying to catch up and contend for a large share of the arms market and the competition is getting more intensive. Some countries, without regard to world security and regional security, even openly violate the relevant international conventions by selling arms to part of some sovereign countries, thus constituting threats to the relevant countries' unity and security. If no measure is adopted to control the transfer of weapons and military technology in large quantities, things in this regard will become a scourge of the international community.

Year-End Views World Situation

OW2412131694 Beijing XINHUA Domestic Service in Chinese 0233 GMT 23 Dec 94

[Yearender: "A Year Mingled With Relaxation and Turbulence—XINHUA Reporters' Written Comments on the World Political Situation at the Year-End"]

[FBIS Translated Text] Beijing, 23 Dec (XINHUA)—In 1994, the world situation has undergone profound and complicated changes. The multipolar trend is developing and there has been overall relaxation in the world situation, but armed conflicts and turbulence have continued in some regions. The world is still not at peace. At the end of this year, several senior XINHUA reporters have expressed their own views.

Xia Zhimian [1115 3112 3094] (chief correspondent of Bonn Branch): The situation in Europe in 1994 can be summarized by the following words: continuous upheavals and unending contradictions. War in the former Yugoslavia region has entered the fourth year, but the EU, NATO, and CSCE all feel helpless toward the war on their front door. Even the United Nations and the only superpower—the United States—are unable to solve the problem. Meanwhile, with the rise of Germany, political contradictions have increased in Europe, the French-German axis starts to crack, nationalism has emerged in various countries, and the course of a united Europe has suffered setbacks. Even French Foreign Minister Alain Juppe admitted that a European currency alliance cannot be realized in this century. Accordingly, a "core Europe" and other less ambitious plans have

emerged. The European Union has gradually created two major groups of different interests; namely, those who advocate "going to the south" and those who advocate "going to the east." After the Cold War, new contradictions have constantly emerged in Europe and old contradictions seem to be reviving.

Xu Kunming [1776 0981 2494] (head of the editorial office for East Europe and Central Asia of the International Department): In East Europe and the Central Asian region, the situation in 1994 is still complicated. The political situation in Russia is relatively stable and the contention among various political factions is relatively restrained, but there are still some unstable factors. The ruble-caused political crisis has forced the Russian Government to make a major reorganization. Russia has sent troops to intervene in the armed conflict in Chechnya and it has intensified internal contradictions within the Russian political structure. Internationally, Russia has argued fiercely with the Western countries on the issues of NATO's eastward expansion and the European security system. Meanwhile, Russia has actively participated in affairs of Bosnia-Herzegovina and the Middle East region in order to express its own stand and regain its position as a great power. This has intensified its contradictions with Western countries, especially the United States.

Bosnia-Herzegovina's internal war remained one of the global hot spots for this year. As a result of the open involvement by the United States and Europe, the conflict escalated while the haggling dragged on. Washington, after helping set up the federation of Muslims in Bosnia-Herzegovina with Croats, instigated NATO's air raid and then unilaterally lifted arms embargo on the Muslims, thus shocking the European countries. Russia vetoed the UN Security Council's proposal for sanctions against the Federal Republic of Yugoslavia and joined Britain, France, and other countries in calling for a peaceful settlement of the Bosnia-Herzegovina conflict. The UN peacekeeping force was in a state of dilemma. On 20 December, top leaders of the Serbs and Muslims in Bosnia-Herzegovina accepted former U.S. President Carter's proposal for a cease-fire throughout Bosnia-Herzegovina within four months.

Ma Shengrong [7456 0524 2837] (deputy head of the International Department): In contrast to continuous unrest in Europe, Asia remained relatively stable politically while maintaining high economic growth rate.

The Asia-Pacific countries' economic, political, social, historical, and cultural diversity contributed, in a way, to stabilizing the regional situation while promoting cooperation and complementing one another economically. The APEC [Asia-Pacific Economic Cooperation] leaders' informal meeting in November set 2020 as the target year for achieving trade and investment liberalization in the Asia-Pacific region, thus opening up broad prospects for economic and trade cooperation in the region.

In the coming year, the Asia-Pacific region is expected to maintain its stability; and the region as a whole, East Asia in particular, will continue to lead other regions in the world in economic growth. However, the speed of development will be varied in countries.

Huai Chengbo [2037 2052 3134] (chief correspondent of the Jerusalem Branch): Arab-Israeli peace talks were the theme of the Middle East in 1994. Jordan and Israel signed a peace accord and established full diplomatic relations. The Palestinians obtained autonomy in Gaza and Jericho. Arab-Israeli conciliation contributed to the regional economic development and cooperation. Due to the Middle East peace process, west European countries adopted a more realistic attitude, and made historic changes and readjustments in their policies toward Africa, thus objectively helping to bring about stability in Africa. Looking toward the future, people should not be optimistic of the situation in Africa. Tribal and factional clashes will be difficult to eliminate in some countries, and Africa will continue to be plagued by poverty and wars. Stability and development remain the grimmest tasks facing Africa.

Ying Qian [2019 6197] (head of the Washington Branch): In 1994, the Clinton administration laid a greater emphasis on pragmatism in foreign policy. One of the obvious features of this pragmatism is the vigorous effort to promote "economic diplomacy." Since the end of Cold War, global structure has moved toward the direction of multipolarization, thus posing a serious challenge to the U.S. "leadership." In 1994, the Clinton administration, based on practical needs, made Germany Washington's No. 1 partner in Europe in a bid to establish "special relations" with Germany and to use such relations as the cornerstone of Washington's policy in Europe. Washington vigorously peddled its "peaceful partnership" scheme in order to safeguard U.S. leadership in European security affairs and to gradually expand NATO toward the East. As far as Russia is concerned, the Clinton administration continued to support President Yeltsin's reform. However, Washington, becoming more uneasy than before about the rise of Russian nationalism and Moscow's tough stance toward the West, quietly reviewed its policy toward Russia.

Washington took great pains to facilitate Arab-Israeli conciliation. The cooling of the traditional "hot spot" in the Middle East is conducive to consolidating the U.S. strategic interests and leadership in the region. The Clinton administration also implemented the policy of "stick plus carrot" to settle the Haitian crisis and to bring about stability in the U.S. "backyard."

Washington, proceeding from its own interests, conspicuously readjusted its policy toward China this year, thus enabling Sino-U.S. relations to develop in a positive direction. However, a number of problems existing in Sino-U.S. relations await the U.S. efforts to settle them.

Wu Yongheng [0702 3057 1854] (chief Rio de Janeiro correspondent): Latin America shook off the shadow of

the "lost decade" of the 1980s, and entered a new period of development this year. Meanwhile, 1994 was also an election year for Latin America, during which eight countries successively held general elections. Except for a few countries where antigovernment rebels remain active, the political situation in the continent as a whole is generally stable. The Latin American countries have scored initial successes in their strategic economic readjustments since the beginning of the 1990s. Latin America has become the second fast growing region, next to Asia, and its economic integration is very active. The southern cone common market, formed by Brazil, Argentina, and other countries, will be officially inaugurated on 1 January 1995. At the America summit held in Miami toward the end of this year, Latin American countries held dialogue with the United States and decided 2005 will be the deadline for holding talks to establish the America Free Trade Zone.

Unfair distribution of social wealth and bipolarization are Latin America's chronic afflictions, while unemployment and poverty linger on like ghosts. Rampant drugs and deteriorating public order have aggravated problems. If they are not handled properly, they may trigger new social unrest and thus disrupt the course of development. In short, like other regions in the world, Latin America is experiencing penetrating and complex changes.

U.S. 'Intervention Escalates' Bosnian War

OW2612162694 Beijing XINHUA in English 1544
GMT 26 Dec 94

[Unattributed "year-ender": "U.S. Intervention Escalates Bosnian War"]

[FBIS Transcribed Text] Belgrade, December 26 (XINHUA)—The most striking feature of the international mediation in the Bosnian war in 1994 was that the United States, the world's only superpower, is more than ever involved in the conflict, bringing about none other than an escalation of war instead.

One obvious instance of the U.S. intervention in the Bosnian civil war was a successful U.S. arrangement for the Muslims and Croats to merge into a federation in March this year.

The U.S. arrangement brought fighting between the two erstwhile enemies to a temporary halt.

However, either party had its own calculations even after the merger, just like what strange bedfellows often do.

As the Muslims no longer feared Croatian attacks in their backyard as they had before, they became able to throw all their strength into the battlefield against the Serbs, and even in collaboration with the Croats.

The Muslims unleashed three campaigns in Gorazde, Brcko and Bihac, in spring, summer and autumn this year respectively, with the aim of "liberating" the whole

territory of Bosnia. Tens of thousands of troops and a great number of tanks and helicopters were involved in the battles.

The strategy of the Muslims was to launch offensives against the Serbs from U.N. "safe havens" in Bosnia, and any Serb counter-attacks would jeopardize U.N. peace-keeping forces there, thus prompting Washington to encourage NATO warplanes to bomb the Serbs and provide air cover for the ground troops of the Muslim-led government.

On the other hand, the Bosnian Serbs lost the strong support of their patron, the rump Yugoslavia, after they rejected a U.N. peace plan in early August. Their strength was reduced considerably.

The plan put forward by the U.S., Russia, France, Germany and Britain, gives the Bosnian Muslim-Croat federation 51 percent of Bosnia and the other 49 percent to the Bosnian Serbs, who currently control more than 70 percent of the former Yugoslav republic.

While the Serbs were subject to intensified sanctions by the international community, the U.S. and some Islamic countries shipped, by air and sea, a large amount of ammunition and sophisticated military equipment to the Muslims to boost their strength.

This accounted in part for a sudden escalation of the Bosnian war in late October, when the situation in the battlefield turned in favor of the Serbs' foes.

Muslim troops started a campaign in late October in Bihac, an enclave sandwiched between Serb-held land in Croatia and Bosnia.

They swiftly occupied 250 square kilometers of Serb-controlled areas and seized the strategically-important Kupres city.

The U.S. regarded the victories of the Muslim-Croatian troops as an important result of the Washington agreement on the Muslim-Croatian federation, as well as a triumph of U.S. diplomacy.

U.S. Secretary of State Warren Christopher said the Muslim-Croat forces should continue to pursue and attack their Serb enemies on the crest of their victory.

He urged the international community to lift the arms embargo against the Muslims as early as possible, and NATO to take the advantage of its air superiority to exert greater pressure on the Serbs, so as to compel them to accept the peace plan tabled by the five-nation international contact group on Bosnia.

The Serbs launched counter-offensives in early November although they suffered heavy losses. The situation in the Bihac battlefield turned in favor of the Serbs by mid-November.

In order to salvage the Muslims from defeat, NATO, pressed by the U.S., conducted in late November three bombing attacks against Serb targets on the ground.

The strikes were the western military bloc's largest operations against the Serbs since the Bosnian war broke out 32 months ago. They were also the biggest air raids ever staged by NATO warplanes.

The large-scale NATO military operations, however, failed to save the Muslims from defeat. On the contrary, they deepened rifts between the U.S. on the one hand and its European allies and Russia on the other.

Since NATO's air strikes had not worked well, Russia, Britain and France, which has had peace-keeping forces in Bosnia, held that the Bosnian crisis should be resolved by peaceful means only. They threatened to pull out their troops if the U.S. insisted on lifting the arms embargo against the Muslims unilaterally and on NATO's air strikes against the Serbs.

In the meantime, the U.S. military authorities started to look at the Bosnian crisis differently. U.S. Defense Minister [title as received] William Perry said NATO's bombings alone would not help the Muslims in winning the war. Hundreds of thousands of heavily armed ground troops would be needed if the West wanted to attain this purpose, and the western forces would also suffer huge casualties.

Perry said neither the U.S. nor NATO are likely to send such a great number of ground troops to Bosnia.

U.S. media maintained that Washington cannot possibly help the Muslims recover their lost territory, no matter what means might be adopted by the U.S. Government.

They advised President Alija Izetbegovic of Bosnia's Muslim-led government to give up the hope of setting up a Muslim country in Bosnia by relying on American military intervention.

In early December when NATO's Council of Ministers and the foreign ministers of the international contact group met in the NATO headquarters in Brussels, the U.S. agreed to make some concessions to the Serbs with regard to the peace plan.

Washington also accepted the idea of its European allies and Russia that peace talks were the only way to resolve the Bosnian crisis.

The significant shift in the position of the U.S. Government on Bosnia was apparently linked with the pressure exerted by European countries and Russia as well as with a change in the viewpoints of the American military authorities.

Observers here say that the U.S. Government's changed attitude will have an important bearing on the efforts of the international community to resolve the Bosnian crisis.

However, the U.S. Republican Party, which had just won the recent mid-term elections and staunchly advocated a military settlement of the Bosnia crisis, will be most

likely to oppose the government's changed policy on Bosnia by lobbying strongly in the Republican-controlled Congress.

It's still hard to say how far the U.S. Government will and can go in fine-tuning its policy on the Bosnia issue.

'Roundup' Views New Challenges Facing UN

OW2512124194 Beijing XINHUA Domestic Service in Chinese 0305 GMT 17 Dec 94

["Roundup" by reporter Xia Zhaolong (1115 0340 7893): "The United Nations Faces New Challenges"]

[FBIS Translated Text] United Nations, 17 Dec (XINHUA)—During the 49th session of the UN General Assembly this year, delegates from 178 countries, including 45 heads of state and heads of government, attended general debates and some special meetings. They expressed their views, offered their advice, and made suggestions on issues of common concern to the international community.

The spectacular attendance at the session demonstrated a trend that various countries are attaching more and more importance to this international organization with each passing day. Because of some reasons known to all, the United Nations has not, in most of the time since it was founded in 1945, played its role as it should. With the end of the period of the "bipolar" Cold War and confrontation, great changes have taken place in the international situation, and the United Nations has entered a new stage. It now has moved itself from the edge of international affairs during the Cold War period to the center stage of defending world peace and promoting international cooperation. In 1993 alone, it held 395 meetings, examined and discussed 1,500 reports, and published 155 resolutions and chairman's statements, all for the purpose of quelling armed clashes in various parts of the world. The United Nations never has been so busy in its work.

The United Nations is playing a more and more important and positive role in safeguarding peace and security, promoting development, and mobilizing various countries to cope with global problems; and this is the consensus reflected in the speeches of various delegates during this year's UN General Assembly session. However, while the delegates from various countries positively appraise the role and performance of the United Nations, they also believe it is facing unprecedented challenges.

Its first problem is how to effectively resolve "hot spot" issues. Today, the danger of a new world war has been greatly reduced, but political, economic, social, and racial contradictions that in the past were concealed by the Cold War have successively been evinced, leading to ceaseless conflicts and disturbances between some countries and in some regions. In peacekeeping operations carried out to deal with the conflicts, the United Nations has mustered more than 70,000 armed personnel from

83 countries, costing \$4 billion annually. Facts show that peacekeeping operations can have some effect, but they are not a panacea. If the United Nations abuses these and even interferes with others' internal affairs, it will be unable to solve the problem and will land itself in a mistake, or will attend to one thing while losing sight of another. Delegates from many countries emphasize that the correct and effective way to settle a conflict is to encourage the parties directly involved to hold a dialogue and negotiations and to seek a plan acceptable to all parties. They urge the United Nations to act prudently, according to its capabilities, in carrying out peacekeeping operations, to strictly adhere to the principles of the "UN Charter" in all peacekeeping operations, and to prevent certain big powers from taking advantage of peacekeeping operations to practice power politics and hegemony.

Its second problem is promote common global development. In the past, the United Nations showed a tendency to "pay more attention to peacekeeping and little attention to development." However, more and more countries have realized that the daily widening South-North gap is the most serious factor of instability in the international community, and that international peace and security cannot be fundamentally safeguarded if the poverty of Third World countries is not solved. For this reason, UN General Secretary Butrus-Ghali submitted to this year's General Assembly session a report on a "development program" which suggested strengthening international cooperation for development and making the promotion of development the major objective of the United Nations in the next 50 years. Butrus-Ghali's report and suggestion conform to the aspirations and demands of developing countries under the new circumstances, thus winning praise from UN member nations. The delegates of many countries have pointed out that the key to solving the Third World's economic development problem lies in improving the international trade environment, encouraging the flow of capital to less developed nations, and encouraging developed countries to provide the necessary assistance to developing countries. Nevertheless, what is worrying the Third World countries is that developed countries are practicing more trade protectionism, constantly reducing their aid to developing countries, linking economic issues with political issues, and showing a more and more serious tendency to interfere in the internal affairs of Third World countries under the pretext of "human rights," "labor conditions," and "environmental problems." Therefore, how to effectively solve the Third World's development problem is another major test for the United Nations.

The third problem is how to cope with various worldwide social problems. Since the beginning of the nineties, problems such as an increasing population, a worsening environment, refugees, illegal immigrants, rampant drug use, organized crime, and the abuse of and discrimination against women, children, and handicapped persons have become even more conspicuous. The appeal of the

international community for international cooperation to gradually solve these problems has become louder and louder.

The fourth problem is how to reform UN organizations. At present, the number of UN member states has increased from 51 to 184, and great changes have taken place in the problems for the United Nations to solve and in the tasks for it to perform. To reflect the voice of its member states and meet the changing international situation in an even better way, it is imperative for the United Nations to carry out relevant and necessary reforms of its organizations. However, on the UN reform issue, there are so many contradictory views that it is difficult to decide which is right. Many countries hold that any reform carried out by the United Nations must be conducive to strengthening its positive role in international affairs, fully conform to the aspirations and interests of the majority of UN member states—developing countries—and facilitate developing countries in playing their role fully.

The challenges facing the United Nations are no doubt very rigorous. Although the United Nations has its weaknesses, its role in global international affairs cannot be replaced by any other international organization or bloc. Looking into the future, people believe that the United Nations can make even greater contributions to safeguarding peace and promoting development.

'Year-End' Views Gulf Situation, Economic Development

OW2512044794 Beijing XINHUA in English 0350
GMT 25 Dec 94

["'Year-End'" by Jiao Yansheng: "Better Gulf Economy in Prospect"]

[FBIS Transcribed Text] Abu Dhabi, December 24 (XINHUA)—Though the oil-rich Gulf region is facing weak oil prices and heavy defense burden inflicted by the 1991 Gulf War and the latest Gulf crisis, a better regional economic development is expected.

The Gulf Cooperation Council (GCC) states—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE), which boasts 46 percent of the world's proven oil reserves of around 100 billion barrels, were enriched by their oil exports and has the great potential for further development with its huge sum of oil dollars.

But the 1991 Gulf War and the recent Gulf crisis have brought disastrous consequences to the Gulf economy, which is also bedeviled by the weak oil prices.

Statistics show the GCC states paid 54 billion dollars directly to the U.S.-led multinational forces which drove Iraqi troops out of Kuwait in 1991.

For the recent Gulf crisis triggered by an Iraqi troops buildup near the Iraqi-Kuwaiti borders in October, Gulf

Arab countries, Saudi Arabia and Kuwait in particular, have to pay 500 to 750 million dollars to the U.S. and other Western countries who sent forces to the region to deter any Iraqi threat to Kuwait.

The Gulf Arab states are also to pay billions of dollars to Western arms manufacturers for purchasing advanced weapons so as to beef up their defense power.

On the other hand, crude oil prices have averaged around 15.80 dollars a barrel this year and are expected to remain below the 1993 level of 16.33 dollars.

As a result, oil earnings of the six GCC states is expected to fall to 70 billion dollars in 1994 from around 73 billion dollars in 1993, compared to 180 billion in early 1980s.

However, the Gulf economy is expected to be better in the coming years because of their rich oil resources and advanced infrastructures in fields of transportation, communication and energy, as well as a series of economic reform programs being carried out by the Gulf Arab oil producers.

As part of the reform programs, these states are forging ahead with ambitious plans to produce and sell liquefied natural gas (LNG) to increase their incomes. This year, the UAE has started to export 5 million tons of LNG a year by tanker to Japan.

Meanwhile, GCC governments also encourage private investments inside their countries to bring back overseas capitals from abroad, and such efforts have begun to pay off.

To offset the huge expenditures for the arms purchase from the West, the GCC states are making the purchase under a program that the Western arms manufacturers re-invest part of the value of their sales to set up joint ventures with local businessmen in the GCC states. About 6 billion dollars will be re-invested under the program every year.

As oil prices have remained weak, the Gulf states have been trying to develop their own industrial sector to reduce their dependence on oil exports.

Several Gulf states recently have also announced more incentives for industrial projects and plans to privatize some of the publicly-held manufacturing units in a bid to slash governmental spending.

Some GCC member states have agreed to admit the local and foreign private sectors into their petrochemical industries after decades of government monopoly.

The share of private sector has gone beyond 40 percent and will be likely above 50 percent in the next few years, a Gulf economic expert said.

Thanks to the implementation of economic reforms, the economies of the six Gulf Arab states, which grew by

more than 5 percent in 1993, will keep increasing at the same rate in 1994, experts have estimated.

The combined GCC budget deficit stood at 6 billion dollars this year, accounting for nearly 3 percent of the GDP, compared with 14.6 billion dollars in 1993 and a record 56 billion dollars in 1991.

As the GCC countries recorded a trade surplus of 18 billion dollars in 1993, another big surplus is expected this year.

The prospects of the Gulf economy bode well for next year as the GCC member countries are intensifying their coordination in order to establish a common Gulf market in the forthcoming years.

The new accord reached under the General Agreement on Tariffs and Trade (GATT) will open up world markets for petrochemical exports by Gulf Arab states and encourage them to press ahead with new projects.

Oil experts said crude prices will increase gradually since the GATT deal will stimulate world oil demand.

Stability has been the general tendency of the Gulf political situation since Iraq formally recognized Kuwait's sovereignty and international borders.

At the same time, progress in the Middle East peace process will also contribute to the economic development in the Gulf. Political analysts here say that with the improvement of relations between GCC states and Israel, Gulf economy will be more active.

'Year-Enders' Views Age of Information Technology

OW2612163494 Beijing XINHUA in English 1603 GMT 26 Dec 94

["Year-enders" by Jiang Yan and Mao Lei: "Science Powers Adjust Strategies To Embrace 'Age of Intelligence'"]

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—During the year now drawing to an end, many countries, especially developed countries, have adjusted their science strategies to prepare for what is being called the Age of Intelligence.

This successor of the Information Age is characterized by the use of high technologies, especially those designed to liberate human beings from mental work. Advanced methods of processing and transmitting are essential for its realization.

Today's information highways, which are already crisscrossing the world, will become the infrastructure needed for tomorrow's more advanced methods for information transmission, while breakthroughs in the development of artificial intelligence will lead to major progress in information processing.

The developed countries, each eager to be the first to enter this brave new Age of Intelligence earlier, have attached unprecedented importance to science and technology.

In November 1993, the U.S. Government established the National Science and Technology Commission, chaired by President Bill Clinton himself. Last August, the U.S. released its first policy announcement on research and development (R&D) since the end of 1970s.

This past June, Japan announced that the country's future development would be based on new technologies. In November, the government issued a white paper on Science and Technology that called for doubling the budget for scientific research and development.

This past April, the European Union (EU) approved its fourth framework program of community activities in the field of research and technological development, and five months later set up the European Science and Technology Assembly.

In June, Canada announced that it would conduct a nation-wide review of the country's strategies for the development of science and technology.

While the policies adopted by these nations are different in some respects, they have much in common.

First, all these countries view the information highway and biological technology as top priorities for the coming age.

Some 20 countries and regions, such as the U.S., Japan, the EU, South Korea and Canada, have built or are planning to build information highways as infrastructure projects.

In order to uncover the secrets of human brains, the U.S. has spent 4.3 billion U.S. dollars on biological technology research. France has been implementing a 1.61-billion-franc (about 298 million dollars) biological research plan since December 1991, while Germany is implementing a 400-million-mark (about 266.7 million dollars) biological research plan. South Korea started its own Biological Plan for the Year 2000 in June with a budget of 20 billion dollars.

The second common point is that all the countries are making major efforts to educate and train high-quality scientists and technicians.

The Japanese Government, for example, has announced a program designed to guarantee an adequate supply of qualified scientists and technicians. To enhance the education level of scientists is one of the five principal measures called for in a new U.S. Government science policy, which assigns top priority to science and technology in future budgets.

Thirdly, the various governments have shifted the focus of R&D from defense programs to economic construction and improved their macro-control over the development of science and technology.

In 1993, the U.S. drastically curtailed the Strategic Defense Initiative (often called the Star Wars Program) and halted the construction of the supercollider, and, instead, turned to such practical projects such as information highway.

This past April, the U.S. Government decided to support five technological fields in the remaining years of this century, including electronics research and a nationwide medical and health care information network.

Fourthly, developed countries have reformed their R&D systems to ensure balanced development of the various fields of science and technology. In an annual report on science and technology policies, the Organization for Economic Cooperation and Development (OECD) said that the U.S., Britain, France and other developed countries had reformed their R&D systems, transforming military technologies for civilian purposes.

The report said that the U.S. and EU countries have paid more attention to applied science while continuing to stress basic research, whereas Japan, which had believed applied science is more important than basic research for quite a long time, has started to strengthen its basic research, too.

Finally, the developed nations emphasize the importance of cooperation in such fields as high-tech research and environmental protection. In fact, in some countries funds used in international science cooperation have taken up 10 percent of total R&D budgets.

The U.S. and Japan have agreed to set up an international organization next year, helping enterprises all over the world to participate in R&D cooperation. Meanwhile, an international space station will be jointly built by the U.S., Russia, the EU, Japan and Canada.

In July, three computer and electronics organizations from the U.S., Japan and the EU declared that they will join hands to build global information highways.

Although there were no momentous breakthroughs in science and technology in 1994, the adjustments in science strategies by the developed countries will undoubtedly have a far-reaching effect on the development of world science and technology.

Undoubtedly, too, the competition to play a leading role in the coming Age of Intelligence will be fierce at a higher level in the years to come among the nations who already have an edge in the field of science and technology.

Iran, Cuba Call For 'Unified Stance Against' U.S.
OW2512044694 Beijing XINHUA in English 0329
GMT 25 Dec 94

[FBIS Transcribed Text] Teheran, December 24 (XINHUA)—Iran and Cuba today called for unified stance against the United States, the common enemy of the two countries with different social system.

Iran's Majlis Speaker 'Ali Akbar Nateq-Nuri said that Iran and Cuba as two countries harmed by the United States could stand against their common enemy by coordinating their stances and through sound planning.

While meeting Cuban Foreign Minister Roberto Robaina, Nateq-Nuri said, the two countries, as two active members of the Non-Aligned Movement (NAM), should strengthen the movement by adopting mutual stands against hegemonic powers.

The two officials also underlined the need for further deepening of Teheran-Havana economic and parliamentary relations against domineering powers.

They also considered strengthening of the Non-Aligned Movement as an appropriate way to prevent the world from becoming unipolar and stand against oppressive powers.

According to Iran's official news agency IRNA, Robaina said that the United States has severely pressurized his country, because it did not want to see an independent state in its neighborhood.

He added that Iran and Cuba should take mutual stands to strengthen NAM so as to prevent the world from becoming unipolar international organizations, making use of them to achieve their expansionist and war mongering objectives under the pretext of peace efforts.

Robaina, who has been here on a two-day state visit at an invitation of Iran's Foreign Minister 'Ali Akbar Velayati, said that Cuba attached high significance to consolidation of its friendship and cooperation with the Islamic Republic of Iran.

He said that practical ways had been surveyed to cement bilateral relations and that Havana was keen on promotion of its ties with Teheran in areas such as transfer of technology, energy, pharmaceutical, sugar, health and medicine.

Robaina also conveyed the best regards of the Cuban President Fidel Castro to the Iranian president and thanked him for Iran's humanitarian positions regarding the issue of human rights and the sanctions imposed on Havana.

Referring to the two countries' common stands on human rights and NAM, Robaina said that Iran and Cuba had favorable cooperation in the area of human rights, although the big powers were at work to make use of this as a pressure levers.

As to the NAM Summit meeting to be held in Colombia, he underscored the need for adoption of measures and decisions to strengthen the movement.

Moscow Ready For Renewed Talks With Grozny
OW2712040594 Beijing XINHUA in English 0229
GMT 27 Dec 94

[FBIS Transcribed Text] Moscow, December 26 (XINHUA)—Moscow today expressed its readiness to resume

talks with Grozny on a peaceful resolution of the Chechen crisis, but insisted it would continue its military operations in the breakaway republic.

At a closed-door Kremlin meeting chaired by President Boris Yeltsin this morning, the Russian Security Council decided to "continue its active political efforts to ensure a ceasefire, the voluntary surrender of weapons and the disbandment of illegal armed groups" in the breakaway republic of Chechnya, according to a statement by the Presidential Press Service.

The Council stressed "the need to continue the efforts to disarm and eliminate illegal armed groups" and "restore law and order" in the rebel republic, the statement added.

Chairman of the Federation Council (upper house of the Russian Parliament) Vladimir Shumeiko, who attended today's meeting, told reporters that President Yeltsin was paying close attention to the need to "change the tactics" in restoring constitutional order in the Chechen Republic.

He confirmed that the matter of resuming the talks with the Chechen authorities was discussed at the meeting.

It was considered "expedient" that Deputy Prime Minister Nikolay Yegorov, Counterintelligence Service Chief Sergey Stepashin and representatives of the two chambers of parliament hold talks with the Chechen authorities on a ceasefire and disarmament, he told reporters.

A reliable source inside the presidential administration said that Yeltsin is expected to sign a decree within two days setting up a temporary Human Rights Monitoring Commission, prior to talks with the Chechen authorities.

Also, according to the ITAR-TASS NEWS AGENCY, the first conference of a commission of observers who will monitor the organization of a negotiating process on Chechnya will be held early on Tuesday [27 December].

All these developments indicate that Yeltsin and the council are ready to resume talks with Grozny in order to prevent more civilian casualties and disarm illegal armed groups, the presidential administration source said.

Also at today's meeting, Yeltsin described the actions of the Russian troops in Chechnya during the last two weeks as "not bad".

According to well-informed sources at the Russian Defense Ministry, however, the 40,000 Russian troops, backed by tanks and warplanes, have met fierce resistance from Chechen militants since they entered the North Caucasian republic on December 11, and morale among them is low.

Yeltsin said that the first stage of the operation is near completion, with a considerable part of the republic's territory having been freed from illegal armed groups.

As for the second stage, which is to begin soon, he said it is aimed at forming a new body of power in the Chechen Republic, which unilaterally declared its independence from Russia in 1991.

A pro-Moscow government will be set up there, based on a coalition of the Democratic Opposition and the Provisional Council, both enemies of the breakaway authorities, according to the Press Service of the Russian Government.

Meanwhile, in Grozny early on Sunday, the Chechen Parliament stated its readiness to resume talks with Moscow at Parliamentary level.

In an address broadcast on television on Sunday night, Chechen president Dzhokhar Dudayev urged his supporters to "exercise restraint and self-control."

U.S. Envoy Sent To DPRK To Discuss Pilot

OW2712005594 Beijing XINHUA in English 2126 GMT 26 Dec 94

[FBIS Transcribed Text] Washington, December 26 (XINHUA)—A senior U.S. Government official is being sent to Pyongyang to negotiate the release of a U.S. helicopter pilot taken captive nine days ago.

Press reports here quoted a government official as saying that Tom Hubbard, deputy assistant secretary of state, would leave for Pyongyang late Monday [26 December] and was expected to arrive there Tuesday evening.

The move was made by President Clinton at the request of Pyongyang, the official said.

"We're sending a representative to discuss the issue of the release of Chief Warrant Officer Bobby Hall," the official said.

Though "both sides see this as a way to facilitate a resolution of the problem," the official stressed, "there are no guarantees."

Bobby Hall was captured after a U.S. Army OH-58 helicopter went down in the territory of the Democratic People's Republic of Korea (DPRK) on the morning of December 17. Another pilot of the chopper was killed and his remains were later returned to the U.S. side. Washington failed in its attempt to secure Hall's release by Christmas.

Hubbard, an expert on East Asian Affairs, was the No. 2 U.S. official to Assistant Secretary of State Robert Galucci who led the U.S. delegation to the talks with the DPRK side earlier this year on the nuclear issue.

DPRK Daily Views U.S. Helicopter Incident

OW2712094394 Beijing XINHUA in English 0539 GMT 27 Dec 94

[FBIS Transcribed Text] Pyongyang, December 27 (XINHUA)—The intrusion by a U.S. helicopter into the

territorial airspace of the Democratic People's Republic of Korea (DPRK) was not an "accidental case" caused by a "mistake" during a mere training flight, according to today's NODONG SINMUN.

The DPRK daily quoted a report issued on Monday by the KOREAN CENTRAL NEWS AGENCY (KCNA) as saying that the DPRK will conduct further investigations into the incident.

The report said it is incredible that the two pilots, who are both experienced, should fail to distinguish terrain at such a low altitude in clear weather.

"Moreover, the fact that the helicopter did not respond to warning signals and instead tried to escape from the airspace of the DPRK eloquently proves that it was on an espionage mission," the report said.

The report criticized the "bellicose quarters in the United States" for "trying to conceal the truth of the incident and deliberately aggravate the tension in a bid to hamper the implementation of the DPRK-USA framework agreement."

It also stressed that the DPRK will continue its investigation under its military law and deal with the incident in accordance with it. The U.S. should bear full responsibility for any adverse effect on DPRK-USA relations that may result, the report concluded.

Foreign Investors Favor State-Run Enterprises in Tianjin

OW2512050294 Beijing XINHUA in English 0442
GMT 25 Dec 94

[FBIS Transcribed Text] Tianjin, December 25 (XINHUA)—Foreign investors and Chinese state-run large and medium-sized enterprises are both benefiting from their co-operation in this largest port city in northern China.

The foreign investment in the city's industrial enterprises soared to 547 million U.S. dollars during the first ten months of the year, more than the total for the past 10 years, according to the Tianjin Municipal Government.

Large and medium-sized state-run enterprises in Tianjin, one of the major industrial cities in the country, are favored by overseas investors for their high production capacity and skilled workers.

Twenty-seven project contracts were signed in the first ten months, with each involving more than five million U.S. dollars in foreign investment.

The Tianjin Ink Corporation Ltd, a joint venture set up by the Tianjin Ink Company and the Toyo Ink Company, the biggest company of its kind in Japan, has become the biggest ink producer in China.

The Tianjin Synthetic Detergent Factory, with upgraded technology from the Henkel Company of Germany, has become China's third-largest detergent producer.

Among more than 300 overseas investors in the city are prominent ones such as the U.S. Coca-Cola Company, Siemens of Germany and the Samsung Corporation Group of the Republic of Korea.

The total output value of joint ventures involved in electronics production in the city reached 1.67 billion yuan (about 200 million U.S. dollars) in the first seven months of the year and their profits totalled 70.85 million yuan (about 8.3 million U.S. dollars) in the same period.

United States & Canada

Paper Views Sino-U.S. Naval Confrontation

HK2612112494 Hong Kong WEN WEI PO in Chinese
25 Dec 94 p A2

["Special article" by Washington-based special correspondent Chu Hsing-Fu (2612 1630 4395): "Did Chinese and U.S. Warships Confront Each Other Near Huanghai"]

[FBIS Translated Text] Washington, 24 Dec—A number of U.S. newspapers reported the other day that a Chinese Navy nuclear-powered submarine and the aircraft carrier USS Kitty Hawk stood face to face on the high seas near China's Huanghai during the last 10 days of October. Although they did not open fire on each other, the Chinese and U.S. warships remained in a face-off for three days. This incident proves the growing possibility of a potential Sino-U.S. military conflict on the high seas.

USS Kitty Hawk Shadows the Chinese Submarine

The reports stated: Last September, the USS Kitty Hawk was despatched to an area of water adjacent to DPRK territorial waters to provide a show of force with an eye to securing a compromise or a concession on the part of the DPRK in the nuclear talks being held between the United States and the DPRK in Geneva at that time. The U.S. fleet was said to comprise the carrier Kitty Hawk, three cruisers, one destroyer, one submarine, and two supply ships, comprising a total of more than 10,000 officers and men on board.

On 27 October, the Kitty Hawk, sailing the high seas more than 200 nautical miles from the Shandong Peninsula, detected a Chinese nuclear-powered submarine. The U.S. fleet commander immediately ordered an antisubmarine plane to take off to lay sonar buoys in the area so that the U.S. fleet could track the submarine. After determining the submarine's exact position by sonar, the U.S. fleet began to shadow the Chinese vessel.

The reports claimed: In the peak period of the Sino-U.S. face-off on the high seas, two Chinese fighter planes were ordered to take off. The two Chinese fighter planes were later spotted by the U.S. fighter planes which were escorting the U.S. fleet. On seeing no signs of hostility from the U.S. side, the Chinese fighter planes returned to

their base. On 29 October, the Chinese side sent up only one fighter plane to monitor the movements of the U.S. fleet. Later on, the Chinese submarine returned to a naval base in Qingdao whereas the U.S. fleet cleared the area, thus bringing to an end a hi-tech confrontation between Chinese and U.S. naval forces on the high seas near the Huanghai.

Two Sides Try To Sound Each Other Out in Three-Day Face-Off

In the three-day face-off between the Chinese and U.S. naval forces on the high seas near the Huanghai, the two sides did attempt to sound each other out and test each other's response, patience, and military strength. When covering this incident, certain U.S. newspapers turned to link the abovementioned confrontation between a Chinese nuclear-powered submarine and a U.S. aircraft carrier on the high seas with China's growing naval strength over the past few years and deliberately played up the so-called Chinese military threat to the United States. Certain Western media also tried to link the abovementioned incident with China's recent cancellation of a scheduled visit to China by the U.S. secretary of transportation in an attempt to prove that Sino-U.S. relations are still being plagued by a host of difficult problems.

The U.S. Defense Department and State Department spokesmen confirmed the other day that a U.S. aircraft carrier came across a Chinese nuclear-powered submarine on the high seas near the Huanghai but denied any serious Sino-U.S. confrontation in the incident. An Asian diplomat stated that as the incident was over, he couldn't understand why the U.S. press circles were still adding inflammatory details to it and raising a great fuss about it. He noted that the incident was not as serious as claimed by U.S. press circles, adding: It is quite common for fleets of different countries to come across one another on the high seas. There is nothing special in this incident.

USN "Brinkmanship"

There were in fact neither the conditions nor the environment for a possible confrontation between Chinese and U.S. warships and military planes last October (there are still no such conditions or environment at the moment). At that time, the United States badly needed China's help in tackling the DPRK nuclear problem. Thus, the U.S. fleet would not be so stupid as to open fire at a Chinese nuclear-powered submarine on normal patrol duty inside China's economic exclusion zone, namely, 200 nautical miles from the Chinese coast. Besides, due to frequent reciprocal visits between senior Chinese and U.S. military leaders, the two countries' armed forces have already acquired a certain mutual understanding and were unlikely to open fire on each other on the high seas as a result of a misunderstanding or an isolated error.

Nonetheless, the abovementioned incident has raised the following question in both China and the United States:

How should China's territorial waters and economic exclusion zone be explained in future? If China's territorial waters are defined as 12 nautical miles away from the Chinese coast, then the U.S. aircraft carrier did not violate China's sovereignty in the incident. However, if China's territorial waters are defined as covering China's economic exclusion zone, namely, 200 nautical miles from the Chinese coast, then the U.S. aircraft carrier, and especially the U.S. fighter planes, got too near and probably entered China's economic exclusion zone and territorial air space. In accordance with international conventions, foreign commercial vessels are allowed to sail into a country's economic exclusion zone whereas foreign warships and military planes are not allowed to do so except when permitted in advance by the country concerned. Therefore, the Chinese military has expressed serious concern over the U.S. military's "brinkmanship."

It is learned that at a recent diplomatic luncheon, a Chinese general gave the following warning to the military attache from the U.S. Embassy in China: Should the U.S. fleet and fighter planes get near China's territorial waters again, be careful, the Chinese side might open fire. Maybe such remarks, which are neither too serious nor too casual, have hurt U.S. pride or maybe, for other considerations, certain people deliberately informed the U.S. press circles of the abovementioned incident in order to publicize the "Chinese threat." The fact that the Chinese side did not lodge a protest to the U.S. side through diplomatic channels has already proved that the Chinese side handled the abovementioned incident in a low-key and routine manner.

The United States and China Should Avoid Military Misunderstandings

China's comprehensive national strength has registered incessant expansion thanks to a fast growing economy. As a result, the Chinese Navy and Air Force are bound to carry out more activities on the high seas nearby. To safeguard its strategic interests in the Asia Pacific region, the United States will inevitably try to make a show of force on the high seas near China's territorial waters. Should a misunderstanding develop at a future time when the Chinese and U.S. fleets meet each other in the Donghai or in the heavily "disputed" South China Sea, or should the Chinese warships be attacked by the U.S. fleet or a U.S. aircraft carrier be attacked, China would definitely not leave the matter at that and nor would the United States let it go at that.

Therefore, how to avoid a possible Sino-U.S. military misunderstanding still remains an important topic for discussion for the two countries. Sources here hold that it is all the more necessary now for the Chinese and U.S. military to maintain high-level dialogue and establish a mechanism for promoting bilateral contacts and exchanges. Only through more contacts and exchanges will the two sides understand each other more, develop mutual trust, and properly resolve some outstanding

problems involving different explanations from and disputes between the two sides. Only by so doing will the Chinese and U.S. naval and air forces be able to avoid hostile actions against each other at the crucial moment when a misunderstanding develops on the high seas or inside China's economic exclusion zone.

Southeast Asia & Pacific

Li Peng Leaves Beijing for 3-Day Visit to Burma

OW2612022594 Beijing XINHUA in English 0152
GMT 26 Dec 94

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—Chinese Premier Li Peng and his wife Zhu Lin left here today for a three-day official goodwill visit to the Union of Myanmar [Burma] as guests of Senior General Than Shwe, chairman of the State Law and Order Restoration Council and prime minister of the Union of Myanmar.

Chinese Vice-Premiers Zhu Rongji, Qian Qichen and Li Lanqing, and Vice-Chairman of the Standing Committee of the National People's Congress Pagbalha Geleg Namgyai went to see Li and his party off at the Great Hall of the People.

Li's entourage, including State Councillor Li Guixian, Minister of Communications Huang Zhendong, Yunnan Provincial Governor He Zhiqiang and Vice-Foreign Minister Tang Jiaxuan, left Beijing by the same plane.

U Khin Maung, charge d'affaires ad interim of the Myanmar Embassy in Beijing, was also present at the seeing-off ceremony.

Li Peng Arrives in Rangoon

OW2612065694 Beijing XINHUA in English 0609
GMT 26 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 26 (XINHUA)—Chinese Premier Li Peng arrived here this afternoon by special plane at the start of his three-day official and good-will visit to Myanmar [Burma].

Li Peng is the first Chinese Premier ever to visit this Southeast Asian nation in the last 13 years.

Li Peng Issues Written Speech

OW2612104694 Beijing XINHUA in English 1016
GMT 26 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 26 (XINHUA)—Chinese Premier Li Peng said here today that his visit to Myanmar [Burma] is aimed at "further strengthening the good-neighborly and friendly ties between the two countries and expanding their mutually beneficial cooperation."

Li Peng, who arrived here this afternoon with his wife Zhu Lin at the start of a three-day official and goodwill

visit to Myanmar, is the first Chinese premier ever to tour this Southeast Asian nation in 13 years.

In a written speech upon his arrival, Li Peng said that China and Myanmar are close neighbors linked by mountains and rivers and that the two peoples have enjoyed a traditional "Phaukphaw (kinship)" friendship.

Li said that recent years have witnessed a steady growth of the friendly relations between China and Myanmar based on the Five Principles of Peaceful Co-existence and good bilateral cooperation in political, economic, cultural and other fields.

The Chinese premier said "the friendship between China and Myanmar is in keeping with the fundamental interests and the shared aspiration of our two peoples, and is conducive to peace and stability in this region."

Li said that during his stay here, he will exchange views with leaders of Myanmar on bilateral relations and regional and international issues of common concern.

The Chinese premier believed that his visit will yield positive results and further facilitate the growth of the existing friendly relations between the two countries both in scope and depth.

The Myanmar capital of Yangon, known for its year-round greenness, was today blessed by a perfect weather at this time of the year. Li Peng, who came here at the invitation of Senior General Than Shwe, chairman of the State Law and Order Restoration Council and prime minister of Myanmar, was accorded with a red-carpet welcome.

Upon his arrival, Li was greeted at the Yangon International Airport by Than Shwe and other high-ranking officials of the Myanmar government. Li then reviewed a guard of honor of the three services in the company of his Myanmar counterpart. The national anthems of the two countries were played.

Among Li's entourage are State Councillor Li Guixian, Minister of Communication Huang Zhendong, Governor of the Yunnan province He Zhiqiang, Vice Foreign Minister Tang Jiaxuan, Vice Minister of Foreign Trade and Economic Cooperation Shi Guangsheng, and Chinese Ambassador to Myanmar Chen Baoli. Foreign diplomatic envoys to Myanmar were also present at the welcome ceremony.

Li Meets Burma's Khin Nyunt

OW2612170394 Beijing XINHUA in English 1639
GMT 26 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 26 (XINHUA)—Visiting Chinese Premier Li Peng said here today that the friendly relations fostered by the leaders of the older generation of China and Myanmar [Burma] will be further developed.

The Chinese Premier made the remarks during a meeting with Khin Nyunt, first secretary of the State Law and Order Restoration Council (SLORC) at the state guest house here.

China always follows an independent foreign policy of peace and attaches special importance to the development of friendly and cooperative relations with its neighboring countries, Li added.

Khin Nyunt said during the meeting that Li Peng's visit to Myanmar will undoubtedly help strengthen the "Phauk Phaw" (kinsfolk relations) fostered by the leaders of the older generation of Myanmar and China.

He expressed belief that Li's visit will not only give a tremendous impetus to the strengthening of the friendly relations between Myanmar and China, but also play an important role in promoting peace and development in the region.

Than Shwe Hosts Banquet

*OW2712022694 Beijing XINHUA in English 1843
GMT 26 Dec 94*

[FBIS Transcribed Text] Yangon [Rangoon], December 26 (XINHUA)—Chairman of Myanmar [Burma] State Law and Order Restoration Council and Prime Minister Than Shwe and Chinese premier Li Peng today shared the belief that the good-neighborly relations and friendly cooperation between China and Myanmar will be further strengthened in the years ahead.

At a banquet here this evening in honor of the visiting Chinese Premier, Than Shwe said that Li's visit will not only help further consolidate the traditional relations between the two countries, but also represent a firm step towards boosting their future cooperation.

Than Shwe noted that the trend of Sino-Myanmar friendship and cooperation has always been good over the past 45 years. The Five Principles of Peaceful Coexistence launched by China and Myanmar have been instrumental in guiding the relations between their two countries and contributed to peace and stability in the region, he said.

He said the exchange of visits by leaders of friendly countries like China and Myanmar helped promote mutual understanding and enhance cooperation in the economic, social and other fields.

Li's visit, though very brief, will add a new chapter to the "Pauk Phaws" (kinsfolk) relations between the two countries, the Myanmar leader said.

In his speech at the banquet, Li Peng noted that China and Myanmar have all along maintained normal good-neighborly and friendly relations since they established diplomatic relations 44 years ago, regardless of the drastic changes in the international situation.

He said the Chinese Government and people would like to work together with the Government and people of Myanmar to energetically advance the good-neighborly relations and friendly cooperation between the two countries.

This year marks the 40th anniversary of the launch of the Five Principles of Peaceful Co-existence, of which both China and Myanmar are initiators, the Chinese Premier noted.

"China stands ready," Li said, "to join hands with the other Asian countries, including Myanmar, in holding high the banner of the Five Principles of Peaceful Co-existence, and to work together to establish a fair and equitable new international political and economic order, and bring a more peaceful, stable, prosperous and developed Asia into the 21st century."

Political & Social

One Killed in 23 Dec Beijing Bus Blast

OW2312140494 Beijing XINHUA in English 1352
GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—A young man was killed and two others were slightly injured when an explosive object exploded on a No.4 bus in central Beijing at 2:15 this afternoon.

It is learnt that the dead man was carrying explosive material, which suddenly detonated near the Wangfujing bus station. The man died instantly and two passengers nearby were slightly hurt, according to the sources from the Municipal Public Security Bureau.

The cause of the explosion is still under investigation, sources said.

Further on Bus Blast

HK2412041294 Hong Kong AFP in English 0335 GMT
24 Dec 94

[FBIS Transcribed Text] Beijing, Dec 24 (AFP)—A blast on a bus in central Beijing's busiest shopping district has killed one young man and left two people seriously injured in a suspected murder attempt, a report said Saturday [24 December].

Explosive material carried by the dead man detonated at 2:15 p.m. (0615 GMT) Friday as the No. 4 bus on which he was riding approached the stop at the southern end of Wangfujing street, a few minutes walk along Changan Avenue from the capital's Tiananmen Square, the Beijing YOUTH DAILY said. "The young man, who is suspected of being an assassin, died on the spot," the report said, but did not make clear whether the incident was an intentional suicide bombing or a bungled murder.

The newspaper said the two wounded passengers were now in Beijing Hospital with serious injuries. Other reports, including Xinhua, said however that they had received only light injuries. Beijing Public Security Bureau (PSB) officials arrived on the spot immediately and dealt with the matter "in a timely fashion," the Beijing YOUTH DAILY said. The reports gave no details of the nature of the "explosive object" carried by the man, saying the cause of the incident was still under investigation.

PSB officials were unavailable for comment Saturday. The No. 4 bus runs all the way along Changan Avenue, the main drag running east-west across the capital.

Factory Protest Leaves 1 Dead, 10 Injured

HK2712083694 Hong Kong MING PAO in Chinese
27 Dec 94 p a4

[Report: "Pollution Protest Leads to Fight Between Workers and Peasants in Liaoning, Leaving One Dead and 10 Badly injured"]

[FBIS Translated Text] A number of peasants in Liaoning were involved in a fight with workers because they believed the factory their neighborhood had polluted their crops. The fight left leading one peasant dead and 10 others badly injured.

ZHONGGUO HUANJING BAO [China Environmental News] reported yesterday that 70 peasants living on the outskirts of Zhuanghe City, Liaoning Province, accused a nonferrous metal factory of polluting their crops and destroying their harvests. They gathered together in protest against the factory. The report said: The person in charge of the factory hired 20 hooligans, some of whom were armed with hunting rifles, who ordered the protesting peasants to disband and a bloody clash thus followed. As a result, a 33-year-old peasant was killed and 10 others were badly injured.

The report further stated: As early as last June, the peasants cut power supplies for the factory. When protesting against the factory in July, the peasants had a slight conflict with the factory workers. Later, the factory was ordered to suspend operations and to improve pollution control. Unexpectedly, a report last month saying that the factory would resume production once again stirred discontent among the peasants, ultimately leading to the bloody clash.

Lawyer Sent to Labor Camp for 'Illegal Propaganda'

HK2312134494 Hong Kong Television Broadcasts
Limited in English 1200 GMT 23 Dec 94

[From the "News at 8:00" program]

[FBIS Transcribed Text] It has been revealed that a lawyer in China has been sentenced to three years in a labor camp for illegal propaganda. Zhou Guoqiang once acted on behalf of mainland labor activist Han Dongfang. Zhou's wife has vowed to sue the Chinese Government for illegal detention. Linda Lee reports:

[Begin recording] [Lee] This was not the first time Zhou Guoqiang has been arrested. Back in 1989, he was sentenced to seven months in jail for organizing a factory strike to protest at the 4 June crackdown. This time, he printed and distributed T-shirts supporting labor rights and was arrested in March. He was sentenced to three years in a labor camp in September, and he appealed. Results of the rejection were conveyed to his family last month. Zhou's wife was also arrested, but has now been freed. She told TVB [Television Broadcasts Limited] News that she is still under tight surveillance from the Chinese authorities.

[Wang Hui, Zhou's wife; identified by caption, speaking in mandarin] "They have been watching me. When I go outside the city, they still send people to follow me. I have no sense of security."

[Lee] She plans to sue the Beijing police and the Reeducation-Through-Labor Administration Commission for improperly detaining and sentencing her husband.

Labor activist in Hong Kong Lau Chin-shek says: What the Chinese authorities have done to Zhou is a serious violation of human rights. Zhou was among one dozen other dissidents sentenced to labor camps since May this year, when U.S. President Clinton delinked China's most favorable nation trade status from its human rights record. Observers believe some congressmen will use the latest round of arrests and sentencing to put pressure on Clinton to improve the human rights situation in China. Linda Lee, TVB News. [end recording]

Dissidents Say Detentions, Sentencing Increase

HK2412053194 Hong Kong SOUTH CHINA
MORNING POST in English 24 Dec 94 pp 1, 6

[By Willy Wo-Lap Lam and Agencies]

[FBIS Transcribed Text] Beijing has locked up a leading labour organiser in an apparent effort to defuse growing worker unrest. Zhou Guoqiang, a founding member of the Chinese League of Labourers, had been sentenced to three years in a camp for re-education through labour, his wife Wang Hui said yesterday.

Sources in Beijing's dissident community said the detention and sentencing of labour activists had increased in the past few months as strikes and demonstrations became more frequent in certain cities. These incidents had occurred because of the large number of state factories unable to pay workers' salaries.

Security sources in Beijing said that, because the Chinese League of Labourers had not engaged in any overt anti-government actions, the authorities sought to incriminate Zhou on two apparently unrelated charges. One was that early this year he tried to print and distribute T-shirts bearing slogans supporting workers' rights. The other was possession of an unregistered facsimile machine and use of it to transmit documents to Hong Kong and abroad.

The sources said the authorities were about to mete out punishment to activist Yuan Hongbing, a Beijing University law lecturer detained last March in connection with the League to Safeguard the Rights of Labourers, another wildcat union. Zhou, also a founding member of the Peace Charter movement, was one of 20 or so dissidents arrested in the spring.

The Chinese League of Labourers was founded—after the June 4, 1989, crackdown—by Zhou and other activists, including Han Dongfang, now based in Hong Kong. Zhou and Han were behind the Beijing Autonomous Workers' Federation, a key component of the 1989 democracy movement. Zhou's friends said yesterday that the labour camp sentence was handed down in September. He appealed and the ruling to uphold the sentence was made a month ago.

His family said the final avenue available through the judicial system would be pursued—"administrative litigation" against the Beijing police and the Beijing Re-education Through Labour Administration Commission. Ms Wang said she received a letter from Zhou on

Thursday—apparently smuggled out of prison which contained papers supporting any action taken against the two government departments for violating regulations by detaining and sentencing him.

Zhou claimed in his papers that police, in writing out his sentencing documents, could not point to a single law that he had broken. He said that during his detention, they told him he was being held for "refusing to answer questions".

Zhou, 39, a former lawyer, is at least the 12th dissident to earn a labour camp sentence since the United States' decision in May to separate trade and human rights issues. Legal sources in Beijing said yesterday that the chances of the verdict being overturned were "minimal". Friends of the family said Ms Wang, a native of Hunan province, had no income and therefore no money to find a lawyer.

Meanwhile, the sources said authorities would soon hand down Yuan's sentence. He was arrested in connection with a "criminal offence" last March.

Hong Kong Paper Carries Series on Jiang Zemin

Part 1

HK2412064894 Hong Kong EASTERN EXPRESS in
English 24 Dec 94 p 8

[Part one of a four-part series on Jiang Zemin by R. N. Schiele: "A Portrait of a Powerful Man"]

[FBIS Transcribed Text] As the death-watch over the paramount leader, Deng Xiaoping, drags on in Beijing this cold winter, attention is increasingly turning to the subject of the succession. Deng's chosen successor Jiang Zemin, 68, is moving quickly to consolidate his position.

As head of the state, party and military, the roly-poly technocrat holds formidable formal power. But his vulnerable spots—a limited personal power base and a lack of political credibility—make him open to challenge in the post-Deng succession scramble.

Jiang is unlikely to face any challenges to his authority immediately after Deng's death. Apparently worried that an open power struggle could spark instability, the current collective leadership has for the time being formed a unified front around Jiang. Many observers believe this honeymoon period will last only a couple of years before other leaders begin to jockey for power.

Would China's domestic and foreign policies change much with Jiang at the helm? Lacking a political vision of his own, Jiang is likely to uphold Deng's reformist policies.

Some likely features of Jiang's future rule are:

—A more conservative approach to economic reforms. With the reputation of being a cautious policy maker, Jiang may seek to slow down the implementation of

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market reforms, especially those measures that might cause social instability such as enterprise reform.

- Greater stress on the state sector. As a long-time state factory manager, Jiang is a strong supporter of state enterprises. This is likely to mean the government will continue to bail out ailing state firms and it could curtail enterprise reforms, such as bankruptcies and sales of factories to private and foreign investors.
- Continuation of political repression. Jiang has played a key role in a tough political clampdown that has resulted in the imprisonment of scores of dissidents and the imposition of severe restrictions on press freedoms in the past year. With worries that Deng's death could trigger social unrest, he is likely to tighten controls further to prevent any possible disorder.
- Emphasis on Party rule. The Communist Party bureaucracy is a crucial element of Jiang's power base, and one of his top priorities is to strengthen its crumbling authority, especially at the grassroots level. Urgent efforts are underway to rebuild local party organisations, groom a new generation of party leaders and define a new political ideology to replace communism and rally the people.
- A more assertive foreign policy. Seeking to win the support of the military top brass and curry favour with the party's conservative wing, Jiang is likely to take a more assertive and nationalistic view on foreign policy issues. While Deng has been considered a master strategist and pro-Western in his foreign policy outlook, Jiang lacks such sophistication and is also less enamoured by the West. This could lead to serious problems over sensitive issues such as Taiwan and Hong Kong during the next few years.

With the prospect of this Jiang Zemin era in the offing, it is worthwhile considering how he made his meteoric rise to power.

Jiang was plucked from relative obscurity five years ago to become China's nominal paramount leader. The appointment surprised Jiang as much as anyone, as he had few previous ties to the central government and politburo and could boast little in his work record to distinguish himself. Although Jiang joined the party in his teens, he did not become involved in politics until he was in his early 50s. He was an electrical engineer by training and worked as a factory administrator for 25 years.

He only entered government service in the mid-1970s and served in a series of economic-related posts before becoming mayor of Shanghai in 1985 and subsequently its party chief.

Jiang contributed little to Shanghai's development during his five years in charge. He apparently devoted most of his energy to attending ribbon-cutting functions, going on well-publicised walkabouts and giving long,

empty speeches. This earned him the nickname of "flowerpot"—decorative but useless.

One of Jiang's most important duties as Shanghai party chief was to play host to top officials who made regular visits to the city. Shanghai is a popular holiday retreat for many elderly leaders, and Jiang used the opportunity to cultivate good ties with Deng, Deng's arch-conservative rival Chen Yun and the late President Li Xiannian, who is said to have taken Jiang under his wing. These connections were later to prove invaluable to Jiang in his rise to the top.

His lack of strong political views also helped. The central leadership in the late 1980s was increasingly polarised between liberals and conservatives, and Jiang was seen as an uncontroversial figure, acceptable to both camps. The possibility of Jiang's elevation is believed to have been first raised in early 1989, when party elders were said to have begun discussing the replacement of then party chief Zhao Ziyang because of widespread dissatisfaction over his economic policies.

The pro-democracy protests that gripped China in the spring of 1989 provided the springboard for Jiang's leap to the top. His handling of the demonstrations in Shanghai greatly impressed central leaders. He showed rare political decisiveness in closing down Shanghai's leading liberal newspaper, the *World Economic Herald*, at the height of the protests. But he refrained from declaring martial law or ordering in the army to put down the demonstrations.

Jiang was named party general-secretary shortly after the June 4 massacre. The elevation apparently took him by surprise. In a candid remark when he was made chairman of the party's powerful Central Military Commission in November 1989, he said: "I thank you comrades for trusting me. I said at the previous plenary session that I was not fully prepared when I was elected general-secretary of the Central Committee. This time, I am not fully prepared either. I have no experience in military work, and I feel my abilities fall far short of what the position demands. But, since the party has assigned the work to me, I must make every effort to learn about military affairs and familiarise myself."

Jiang added the largely ceremonial post of state president to his titles in March 1993. His leadership of the state, party and military, gave him unprecedented formal powers. Not even Mao Zedong or Deng held as many official positions.

Jiang is referred to as the "core" of the new collective leadership. But despite these impressive credentials, his grip on power remains far from secure. His greatest weakness is his limited personal power base.

Part 2

HK2712070594 Hong Kong *EASTERN EXPRESS* in English 27 Dec 94 p 4

[Part two of a four-part series on Jiang Zemin by R.N. Schiele: "Jiang's Men Move Out Of The Shadows"]

[FBIS Transcribed Text] Jiang Zemin's long-term political survival depends on his ability to build up a strong power base. He has sought to do so by transferring many of his former associates in Shanghai to Beijing. This has seen the rise of what some term the "Shanghai clique".

When Jiang moved to Beijing in 1989, his power base was virtually nonexistent. His authority came almost exclusively from the backing of his elderly patrons, such as Deng Xiaoping and Li Xiannian.

But the advanced ages of his benefactors meant that Jiang could not rely on them indefinitely, so he began to build up his own channels of support.

After a cautious start he is now chairman of the Central Military Commission and state president as well as party general secretary, and he has rapidly intensified his power-building efforts over the past year. Many of his former Shanghai colleagues have been moved into senior posts in the party, media and military apparatuses.

Jiang's supporters now run some of the party's most powerful departments. His long-time personal assistant, Zeng Qinghong, heads the party Central Committee's Central Office, which oversees the running of the party bureaucracy and draws up the agenda for meetings of the Politburo Standing Committee and other powerful party committees.

Reports say that Zeng's portfolio has recently been expanded to include intelligence and security matters.

Jiang's associates also occupy top posts in the party's organisation department. Zhang Qianjiang, a former senior official in Shandong Province, took charge of the organisation department in October. Jiang's control of the department is crucial for his power-building efforts, as it oversees personnel matters, including the promotion, transfer and retirement of cadres. Jiang is said to have won over the support of officials such as Zhang from the neighbouring east coast provinces of Shandong, Jiangsu and Fujian.

Jiang, known for coveting the public spotlight, has also bolstered his influence over the country's propaganda and media apparatuses.

Gong Xinhan, a former propaganda official in Shanghai, is second in command of the party's propaganda department, the country's top organisation in charge of media and ideological work.

Many top posts in the media are occupied by Jiang's supporters.

They include the Minister of Radio, Film and Television, Sun Jiazheng, a former deputy party chief in Jiangsu province; Xu Guangchun, a deputy editor-in-chief of the Guangming Daily, who formerly headed the Shanghai branch of the Xinhua News Agency; and Sun Shoutang, editor-in-chief of the Liberation Army Daily, the People's Liberation Army's (PLA) mouthpiece.

Jiang now receives blanket coverage in the national press and on television. Editors who fail to give the party chief top billing are quickly dismissed. Jiang sacked several senior editors at the Liberation Army Daily last year for relegating to the back page a meeting he had with some U.S. visitors during the height of the debate over Washington's renewal of China's most favoured nation (MFN) trading status.

With a firm grip on the party bureaucracy, Jiang has now turned his attention to promoting supporters into the top levels of the party leadership. His first move came in September, when he brought one of his top political allies, the Shanghai party chief and politburo member, Wu Bangguo, to Beijing. Wu was promoted onto the central committee's secretariat along with the Shandong party chief, Jiang Chunyun, who is also a politburo member. Both are rumoured to be in the running for promotion to vice-premierships at the next full session of the National People's Congress next March.

The move of Wu and Jiang Chunyun to Beijing may be linked to an effort by the party chief to expand his weak influence in economic policymaking. Wu has been put in charge of industrial affairs and Jiang Chunyun given responsibility for agriculture.

Wu is also said to have been appointed a deputy head of the party's central financial and economic leading group, which oversees co-ordination of the country's economic policies.

Jiang is the nominal head of the leading group, but he had previously handed over decision-making to his deputy, Vice Premier Zhu Rongji. Another of Jiang's proteges, Zeng Peiyan, a vice-minister of the State Planning Commission, is reported to have been made general secretary of the leading group.

With his support at the highest levels of the civilian leadership still limited, Jiang needs to win the backing of military chiefs if he is to remain at the helm for the long term. With its immense political influence, the PLA would hold the key in any potential leadership succession race.

Jiang has much work to do before he can be confident of ensuring the military's loyalty to him. One serious handicap is his lack of military experience. Military commanders have in the past refused to throw their weight behind civilian leaders whom they see as lacking the military or political credentials to protect their interests.

Jiang has devoted much effort to convincing PLA chiefs of his pro-military outlook. He regularly tours military facilities and chairs high-level military meetings. He has also supported policies that closely reflect the views of the top brass.

They include backing hefty annual increases in the defence budget and taking a hard-line stance on foreign policy issues such as Taiwan and the contested Spratly Islands in the South China Sea.

Jiang has also sought to win support by liberally handing out promotions. In June, he elevated 19 senior officers to full generals, the highest rank in the PLA. They include some of Deng's top military aides, like Wang Ruilin, Deng's personal secretary, and top regional commanders.

The centrepiece of Jiang's strategy to consolidate his military power base has been the plan to promote the Defence Minister, General Chi Haotian, 65, to a top post in the Central Military Commission.

Jiang had hoped to promote Chi onto the Central Military Commission before the end of this year, to replace the ageing commission vice-chairman, General Zhang Zhen. The plan appears to have been postponed because of uncertainties over Deng's health. Deng would have to approve such a high-level appointment.

Control of the military at present rests with a trio of Deng loyalists. Jiang's failure to elevate Chi or any other of his military supporters to senior posts in the Central Military Commission could severely damage his chances of securing the military's loyalties.

Jiang has been more successful placing his proteges into leadership positions in the paramilitary People's Armed Police (PAP) and the palace guard.

The PAP commander, Lieutenant General Ba Zhongtan, is believed to enjoy close ties to Jiang after having served as commander of the PLA's Shanghai Garrison when Jiang was the Shanghai party secretary.

The PAP could play an important role in the post-Deng succession, as it is responsible for safeguarding the country's internal security.

Several months ago, Jiang reportedly appointed another former Shanghai military associate, You Kexi, into a top slot in the Central Guard Bureau, which is responsible for protecting the central leadership. The long-time director of the bureau—General Yang Dezhong, a loyal Deng aide, was quietly retired.

Having placed many of his Shanghai cronies in senior bureaucratic posts, Jiang must next secure seats for them on the country's most important policy-making bodies, such as the politburo and its exclusive standing committee and the Central Military Commission.

Although Jiang would like to promote his supporters into these organisations as soon as possible, he may have to wait until late 1997, and the next full party congress, before he can do so.

If Jiang is able to consolidate his power base over the next few years, he could command sufficient clout to promote his proteges on to the politburo and its standing committee at the party congress, including Wu Bangguo, Zeng Qinghong, Chi Haotian and perhaps the outgoing Shanghai mayor, Huang Ju.

Jiang Zemin, Li Peng Address Law, Order Meeting

OW2312161894 Beijing XINHUA in English 1609
GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—Chinese President Jiang Zemin and Premier Li Peng here today both urged local officials to reinforce the work of maintaining law and public order so that a better environment will be created for China's economic development.

They made the call while meeting with delegates attending an ongoing national conference on political science and law.

The work of political science and law is a major component of the Chinese Communist Party (CPC) and should be supported by all local leaders so that a better environment will be created for the task of expanding reforms and opening to the outside world, Jiang said.

He highly praised the work done by officials of legal departments during the past year, but said that it remains an urgent task to guarantee national security and social stability.

"To crack down on crime effectively is the imperative demand of the general public," he told those attending the meeting. "It will also be a test of the ability of our ruling Communist Party."

Jiang, also general secretary of the CPC Central Committee, noted that to fight against and prevent crimes is not the task only of the legal departments, saying that all relevant departments should, in line with their respective responsibilities, actively participate in crime prevention.

In particular, he said, all local governments and police organs should give top priority to the prevention of major social disorders and incidents such as the fires that devoured hundreds of lives in recent months.

He urged officials to enhance the building of the law-enforcement forces, saying that all local governments and party committees should standardize their leadership over legal departments.

Meanwhile, Premier Li Peng said that ensuring stability is one of the overwhelming tasks of the Communist Party and is a prerequisite for economic development. The legal departments hold the foremost responsibility in this respect, he added.

He urged local officials to abide by the central government's directives, saying that a strict legal system and a strict enforcement of laws must be ensured so that the heavy task of reform and construction in the coming year can be fulfilled.

He urged local officials to make the utmost efforts to solve problems in legal departments.

"The problems of insufficient funding and the inadequate equipment of the legal departments should be solved resolutely, although both central and local governments have to face tight budgets," he stressed.

Other leading officials of the party and government, including members of the Standing Committee of the Politburo of the CPC Central Committee Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing and Hu Jintao, among others, met the delegates along with Jiang and Li today.

Jiang, Li Meet Delegates

OW2612132794 Beijing XINHUA Domestic Service in Chinese 0748 GMT 24 Dec 94

[By RENMIN RIBAO reporter Yang Zhenwu (1135 3791 2975) and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[FBIS Translated Text] Beijing, 24 Dec (XINHUA)—The four-day national forum attended by secretary generals and directors of general offices of the local committees of the CPC closed here today. Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, Wen Jiabao, Ren Jianxin, Luo Gan, and other leading comrades met the participants in the forum at the Great Hall of the People yesterday afternoon.

After meeting the participants, Wen Jiabao, an alternate member of the CPC Central Committee Political Bureau, entrusted by the PARTY CENTRAL Committee, had a talk with the delegates. He said: Since the Third Plenary Session of the 11th CPC Central Committee, the work of the general offices of the local party committees throughout the country has been gradually institutionalized and standardized. There is a basic spirit running through the work of all local party committees. Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, local party committees have adhered to the party's basic line and have served the party's central tasks; they have upheld democratic centralism—a fundamental organizational system and principle—have safeguarded the party's unity and unification, have safeguarded the authority of the Central Committee, and have made sure that all policies and orders of the Central Committee are implemented to the letter; they have adhered to the party's fundamental purpose of serving the people wholeheartedly and to the mass line of learning the opinions of the masses and referring them back to the masses, thus strengthening the ties between the party and the masses. Wen Jiabao pointed out: In the new historical conditions, we must continue to adhere to this basic spirit, emancipate our minds, and boldly make explorations so as to improve the work of the general offices on the basis of existing achievements and experiences.

In discussing the work of the general offices in the days to come, Wen Jiabao stressed: The general offices should deal with concrete matters relating to work, be realistic,

and pay attention to the implementation of policies. In conducting investigations and studies, they should try to get ahold of facts and real information. They should carry out effective inspections to ensure the smooth implementation of the party's policies; they should simplify administration in order to be pragmatic. He said: Correct policies were not created out of a void; they have been formulated in the practice of reform, opening to the outside world, and the modernization drive. We should constantly carry out practical investigations and constantly pay attention to understanding the real situation; we should exert great efforts to constantly have a good understanding of the real situation. We must respect objective facts and truly reflect and conscientiously study the real situation. We should tell the truth and report the real situation. Comrades of the general offices should constantly go deep into grass-roots units and the masses to get a direct understanding of the situation, and they should directly listen to proposals and requirements so as to provide leaders with real situations and correct suggestions.

In discussing the work of conducting inspections, Wen Jiabao said: We should carry out regular and effective inspections to ensure the smooth implementation of the Central Committee's principles and policies and the local party committee's specific work plans. We should pay attention to understanding and analyzing the key problems in connection with the implementation of policies and should propose methods to solve these problems; we should pay attention to observing and studying new situations and make suggestions for improving policies by adding supplements; we should promptly discover and sum up experiences in order to promote work. In conducting inspections to supervise and speed up the fulfillment of policies, we should grasp the key issues, set explicit requirements, strictly assign responsibilities, and pay attention to efficiency.

Wen Jiabao pointed out: It is necessary to simplify and cut the number of meetings, documents, and excessive routine affairs, and to create conditions for leading cadres to go deep into grass-roots units and the masses to study and solve major problems. The day-to-day work of party committees should be well coordinated and arranged, and meetings that are not necessary should not be held; documents that are not necessary should not be distributed; activities that are not necessary should not be launched. At the same time, things that should be done should be done well. Efforts should be made to improve the quality of meetings and documents and to raise work efficiency. He called on the general offices to strengthen the building of their personnel, to constantly improve work, and to raise the quality and level of service.

The national forum began on 21 December. At the forum, Zeng Qinghong, director of the CPC Central Committee General Office, made a speech entitled "Further Improve and Strengthen the Work of the General Offices and Raise It to a New Level." The responsible

comrades of the general offices of the National People's Congress, the State Council, the National Committee of the Chinese People's Political Consultative Conference, and the Central Military Commission also attended the forum.

Meeting Concludes

OW2512021994 Beijing XINHUA in English 0149
GMT 25 Dec 94

[FBIS Transcribed Text] Beijing, December 24 (XINHUA)—A national meeting attended by secretary-generals and directors of general offices of the local committees of the Communist Party of China (CPC) closed here today.

General Secretary of the CPC Central Committee Jiang Zemin, Premier Li Peng and other senior leaders met the participants of the four-day forum at the Great Hall of the People Friday [23 December] afternoon.

Wen Jiabao, an alternate member of the Political Bureau of the CPC Central Committee and member of the secretariat of the central committee, had a talk with the delegates Friday.

Wen said that over the past decade, the work of the general offices of the CPC local committees has been standardized, and in the future, it is of high importance for the offices to get hold of facts and real information.

To achieve this goal, he urged all the participants to go deep into the masses and collect their proposals and requirements, and on the other hand provide first-hand information and raise feasible suggestions to party and government leaders.

The general offices should carry out regular and effective inspection to ensure the smooth implementation of the party's policies, Wen said.

Wen also urged the participants to cut meetings, documents and daily routines, and to create conditions for leading officials to spend more time with the masses to solve concrete problems.

Ren Jianxin Addresses Law Society Meeting

SK2712022994 Beijing XINHUA Domestic Service in Chinese 1639 GMT 22 Dec 94

[By reporter Zhou Lixian (0719 4539 2009)]

[FBIS Translated Text] Beijing, 22 Dec (XINHUA)—The 1994 annual meeting of the China International Law Society concluded today. The new board of directors was approved at the meeting, with Wang Tieya serving as president.

Ren Jianxin, member of the Secretariat of the CPC Central Committee, secretary of the Political and Legal Committee of the CPC Central Committee, and honorary president of the China International Law Society, attended the meeting's opening ceremony on 20

December and gave a speech. He said: This year marks the 15th year of the founding of the China International Law Society. Under party and government leadership over the past 15 years, the China International Law Society has played an important role and won great achievements in uniting China's international law workers and in continuously expanding this specialized contingent; in restoring and developing teaching and theoretical research on international law in the country; in promoting cooperation and exchanges between personages from the international law circles at home and abroad; and in organizing its members to offer constructive opinions concerning domestic legislation and the formulation of such laws and documents as international treaties.

NPC Examines Draft Judge, Procurator Laws

OW2312160594 Beijing XINHUA in English 1549
GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—The 11th session of the Standing Committee of the Eighth National People's Congress (NPC), China's top legislature, examined draft laws on judges and procurators here today.

Different opinions were raised on whether the wages of these law officials should be raised to ensure probity and fairness.

Bai Shangwu, a standing committee member, suggested that the state budget include funds for courts and procuratorates so that law enforcement personnel can be immune from corruption.

Ni Zhifu, vice-chairman of the NPC Standing Committee, together with standing committee member Zhang Ruiying, also suggested that special allowances be allocated to judges and procurators.

But standing committee members Yao Jun and Wu Changshu opposed this, contending that judges' and procurators' welfare and wages should be similar to those of other civil servants. They should not be entitled to a special wages system, otherwise people from other circles would follow suit in demanding the same pay with them, they maintained.

Some lawmakers advocated severe attacks upon crimes of taking bribes and bending the law by a few judges and procurators, practices which, they said, have not only grossly damaged the image of the government and the Communist Party, but have also emerged as destabilizing factors and encouraged unhealthy trends.

On other issues, some said that the judges and procurators should receive regular legal training before taking up their duties.

Others demanded that the law stipulate clearly the responsibilities that judges and procurators have in cases of miscarriage of justice. They also requested that the responsibilities of procurators and procuratorates be

clearly defined in economic cases: for example, who is to pay compensation for losses in cases of miscarriage of justice?

The standing committee members expressed the belief that the two draft laws are passable, but suggested that further revisions be made.

Procurators Conference Opens in Chengdu

SK2612035794 Beijing XINHUA Domestic Service in Chinese 1415 GMT 22 Dec 94

[By REN'MIN RIBAO reporter Wu Jing (0702 0352) and XINHUA reporter Wang Jinfu (3076 6855 4395)]

[FBIS Translated Text] Chengdu, 22 Dec (XINHUA)—The national work conference of chief procurators opened in Chengdu today. Zhang Siqing, procurator general of the Supreme People's Procuratorate, pointed out at the work conference: In 1995 the procuratorial organs should uphold the guiding ideology of rendering service for reform, opening up, and economic construction, and the working guideline of "strictly enforcing the law and vigorously grasping the handling of cases." They should do a good job in emphatically investigating and handling the serious and appalling cases of embezzlement and bribery, dealing strict blows at serious criminal activities in line with the law and in a timely manner, and further enhancing supervision over law enforcement. They should also do a good job in conducting party building to bring along the construction of personnel's contingent, actively expediting the reform in procuratorial systems and the construction of legal systems, and bringing the procuratorial function into full play to safeguard the unified and correct enforcement of laws.

The work conference is mainly aimed at summarizing the experience gained in the procuratorial work this year by regarding as a guide the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics and according to the spirit of the 14th CPC Congress, the spirit of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and the spirit of the national economic work conference. It is also aimed at making work arrangements for the procuratorial work of 1995 and further mobilizing all procuratorial personnel to strictly enforce the law, to vigorously grasp the handling of cases, to fully perform their duties of legal supervision, and to better serve the programs of reform, opening up, and modernization.

In his report, Zhang Siqing stated: Since the beginning of this year, the procuratorial organs at all levels have scored marked achievements in investigating and handling the serious and appalling cases exposed in the anticorruption struggle by paying close attention to the whole situation in the state work. According to statistics, the procuratorial organs throughout the country placed 24,990 appalling cases for investigation and prosecution with regard to the economic crimes of embezzlement and bribery from January to November 1994, which showed

a 35.4 percent increase over the same period of 1993. They placed 1,833 cases for investigation and prosecution that had been committed by cadres at or above the county-section level, a 86.3 percent increase over the same period of 1993. Of these cadres, over 80 were from department-bureau level units.

On the procuratorial work of 1995, Zhang Siqing pointed out: The procuratorial organs at all levels and all procuratorial personnel should unify their thinking with the principle of Comrade Deng Xiaoping with regard to "persistently taking a two-handed approach and being tough with both hands," with the arrangement made by the CPC Central Committee for the anticorruption struggle, and with the stipulations of the state laws. They should handle cases in a down-to-earth manner and concentrate their efforts on investigating and handling serious and appalling cases.

Zhang Siqing urged the procuratorial organs to give priority to the following focal points while investigating and handling serious and appalling cases: 1) Attention should be paid to economic crime cases—including embezzlement and bribery—committed by party and government leading organs, administration and law-enforcing organs, judicial organs, and economic management departments; particularly to the serious cases committed by cadres at or above the county-section level. 2) Attention should be paid to the cases committed by the working personnel of judicial, administrative, and law-enforcing organs with regard to practicing favoritism, irregularities, and corruption by perverting the law. 3) Attention should be paid to the cases committed by judicial persons. 4) Attention should be paid to the new criminal cases that have endangered the reform measures. 5) Attention should be paid to the cases of shielding criminals and obstructing the handling of cases by giving false witness, shielding of evil deeds, and hindering of official business; as well as to the criminal cases of taking revenge against informers.

Zhang Siqing stressed: The key to deepening the anticorruption struggle lies in investigating and handling serious cases. The procuratorial organs at all levels should realistically change the phenomena in which serious cases cannot be thoroughly investigated, cases have been concluded too slow, and cases that deserve to be strictly dealt with have not been strictly handled. They should also realistically implement the spirit of punishing criminals heavily and strictly.

New Public Security Rules To Be Unveiled in '95

OW2612140394 Beijing XINHUA Domestic Service in Chinese 0946 GMT 17 Dec 94

[FBIS Translated Text] Beijing, 17 Dec (XINHUA)—The focus of next year's nationwide effort to deepen the reform of public security forces will be to institute a whole set of laws and regulations governing public security personnel which is suited to the market economic system, consistent with the civil service system, and

different from rules and regulations governing general administrative organs. This was disclosed by Public Security Minister Tao Siju during the national forum of chiefs of the political sections of public security departments and bureaus that ended today.

Tao Siju said: Public security personnel face new challenges under the new situation stemming from the establishment of a socialist market economic system. Public security-related tasks have placed new and stricter demands on public security personnel, among whom new circumstances and problems have cropped up. A fundamental approach toward beefing up public security forces is to use reform to achieve the goal of administering police affairs in accordance with the law.

It has been disclosed that the Public Security Ministry will unveil a host of laws and regulations on strengthening public security forces next year, examples of which include the "Procedures for Hiring People's Police Officers" and the "Procedures for Dismissing People's Police Officers." These laws and regulations are intended to guarantee the creation of a public security team with strong fighting power that can safeguard political and social stability; that can defend the tasks of reform, opening up, and modernization; and on which the party and people are heavily dependent.

China To Electronically Track Population Data

OW2712134794 Beijing XINHUA in English 1306
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—China is computerizing its national information network in an effort to better manage its 1.2-billion people and beef up the police's mobility and reaction against crimes.

The manufacturer, the Ministry of Public Security, also claims that the system provides information services for society, and could be a fundamental project on the information highway.

A ministry officer said that 170 out of the 200 major and medium-sized cities, and 5,795 counties, have computerized their police bureaus and stations, and some major cities are joining the national data network.

The rest will make progress gradually as the local economies develop, the officer said.

The system, which has not been completed, has provided government agencies with consultation services 560,000 times, and to individuals and other institutions 330,000 times.

In Chongqing alone, a populous city in Sichuan Province, the local network has aided police in cracking down on 4,800 criminal cases, the officer said.

The old national information transmission network for police throughout the country was originally hand-operated or half automatic, and efficiency was low. But

now, the population data in the system can even be used in the fields of banking, insurance, communications, transportation, education, and city planning, experts believe.

Supreme Court Official Discusses Juvenile Crime

HK2412073594 Beijing CHINA DAILY in English 24
Dec 94 p 3

[By Ma Chenguang: "Causes of Juvenile Offenders Studied"]

[FBIS Transcribed Text] Juvenile offenders are still behind a small percentage of criminal cases in China, but the causes behind the crimes should not be neglected, a senior judge said yesterday.

Last year, China netted 32,408 juvenile delinquents. Of them, 70 per cent were robbers and thieves, 12 per cent rapists and the rest hooligans and murderers, Wang Jingrong, Vice-President of the Supreme People's Court, said.

Although China always has set a lighter punishment for young wrongdoers, 73 per cent of the sentences are consistent with the crime, Wang said.

In 1979, there were 4,954 young offenders, and most of them were only involved in small-scale theft.

"Though their percentage is small, the number of cases have been on the rise in recent years," Wang said.

He attributed the rise to inept social, educational and family factors that affected these young kids, whose immature "world outlook" made them fall easy prey.

Amid China's material prosperity and cultural richness, some children search for lust and fighting after viewing porno and violent films, videos and books, or began hunting for money to play video games.

In education, some schools randomly lifted tuition fees, resulting in some dropouts who became the easy prey of crime, Wang said.

On family issues, Wang blamed divorced parents and parents who preferred to have their children making money instead of going to school.

To better address the issue, China passed its Law on Juvenile Protection in September 1991. In addition, the nation began to establish juvenile courts in 1984 to preside over a dual-meaning sentence: Prosecution and education.

The young delinquents began to receive special treatment: Detailed investigation about the offence before court trial.

At court, family members and jurors, instead of policemen were allowed to accompany the offenders.

"The aim is to provide a sympathetic environment for the young," Wang said.

Of course, Wang noted, the courts were also established with another reason: To address the rising number of underage delinquents since the 1980s.

When the first court was set up in Shanghai in 1984, China's young offenders had jumped to an alarming 33,018, more than six times the 1979 figure.

There are 3,135 such courts across the country.

Wang is heading a "Juvenile Court Supervising Group" at the Supreme People's Court to oversee the work.

During the past 10 years, the courts have handled 322,775 young offenders, Wang said.

"With 10 years' experience, we have come to see a regular pattern to their crimes, and formulated some advice for society," said Wang.

Juvenile Courts 'Effective' in Reforming Youth

OW2712044294 Beijing XINHUA in English 0339
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—More than 27,000 juvenile delinquents under the age of 18 faced penalties in the first nine months of this year in China, with most of them handled in special courtrooms—the juvenile courts, a chief judge said today.

The courts specializing on these young criminals, first appearing in China at its most populous city of Shanghai ten years ago, has been "established in almost every people's court across the country at the county level," said Wang Jingrong, vice-president of the Supreme People's Court.

There are more than 3,000 such courts across China. Its popularity corresponds with the urgent need to curb the growing numbers of crimes committed by the young, he noted. In 1993, 32,000 young criminals were sentenced, and the figure for first nine months of this year registered a 27.5 percent increase over the same period last year, statistics show.

The top judge said the juvenile courts have been found an especially effective way in protecting the rights of the young, educating and redeeming them on law and order.

The low ratio of crimes committed by ex-convicts, especially by the ex-delinquents, were quoted as part of the evidence that those courts in China have been successful.

Juvenile courts are not open to the public so as to avoid disclosure of the delinquents for the good of their future against discrimination.

The accusations, pleading and trials are focused on enlightening their recognition of guilt and crimes. "Fierce accusations, complicated defence words and the solemn arraignment in the courts are psychologically

unacceptable for them, and can be confusing for them to tell the right from the wrong," Wang explained.

Their parents or guardians are allowed to persuade the child in the court. Educators and experts on children's problems are also invited to act as jurors.

In addition to criminal cases, the juvenile courts in some places also deal with civil cases relating to the legal rights of the young.

Official sources say that more crimes, especially serious crimes committed by the young, have been climbing significantly, with 70 percent more relating to property and sex.

He blamed the illegal publications of violence and pornographic books, videos and films, the rising divorce rates, and spoiling by some families for the increasingly serious problem.

The juvenile problem has aroused concern of the whole society, the judge said, adding that the Supreme People's Court has established a working group to oversee the juvenile courts in the country.

Regulations and provisions concerning the courts are expected to be churned out next year to standardize the practices, and improve the country's juvenile jurisdiction, Wang said.

Jiang Zemin, Li Peng Meet 'Trans-Century' Youth

OW2312142694 Beijing XINHUA in English 1339
GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—President Jiang Zemin, Premier Li Peng and other Chinese leaders this afternoon met the representatives at the National Conference of Trans-Century Youth Talents in the Great Hall of the People here.

The conference, which has just closed, was held by the Central Committee of the Communist Youth League of China and All-China Youth Federation, marking the full-scale start of the Trans-Century Youth Talents Project, which calls for active involvement of young people in the country's development in all areas into the coming century.

NPC: Education Funds Should Be Written Into Law

OW2612151594 Beijing XINHUA in English 1459
GMT 26 Dec 94

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—The amount of funds for state education should be written into law to ease the chronic pain of shortages, lawmakers said today while examining the draft of the Education Law at the current session of the National People's Congress (NPC) standing committee.

The bottom line on the input into education from the state budget, or as a part of the gross national product (GNP), is something that should be set in the draft law, said Qu Geping, member of the NPC standing committee.

Current funds, or 2.66 percent of the GNP, can never meet the demands of educating the Chinese people, he explained.

He went on to advocate a levying of an education tax, and encouraged more schools to be set up by individuals and organizations as new channels to draw in education funds.

The draft law permits the opening of private schools, but leaves the mapping out of specific regulations to the State Council, China's cabinet.

But, the issue should be further discussed, said the legislators. Cai Cheng, another member of the law-making body, said that such schools could make up the needed funds for education. But, those who use this ruling to make exorbitant profits should be banned from doing so, he added.

Other lawmakers said that the astonishingly high admission fees in some private schools, or "aristocratic schools" as Chinese the call them [as received], were inconceivable for salaried people, and should be closely examined.

Most lawmakers have been worried about teachers whose salaries have been delayed or have even gone unpaid by some local governments, something which is becoming quite common across the country.

A local legislator from the Inner Mongolian Autonomous Region, Liu Zhenyi, made the proposal that teachers who contribute outstanding merit to the country's educational cause be honored with the title of "State Prestigious Educator."

Further on Higher Education Reform Meeting

OW2312133394 Beijing XINHUA Domestic Service in Chinese 1224 GMT 16 Dec 94

[By reporter Guo Lihua (6753 4409 5478)]

[FBIS Translated Text] Shanghai, 16 Dec (XINHUA)—The joint operation of China's institutions of higher learning in various forms is being carried out actively. More than 200 institutions of higher learning have conducted experiments in this regard. The overall reform of the higher educational management system is maintaining good momentum. This information was disclosed at a national forum on reforming higher educational system, which was held today.

The reform of the higher educational management system, which involves the structure and overall arrangement of higher learning institutions, division of central and local duties, and relations between governments and

schools, has an overall impact on the development of higher education in China and is the focal point and difficulty of current higher educational system reform. At present, China has 1,080 regular institutions of higher learning. Among them, 35 institutions are under the State Education Commission; 325 are under 63 central professional departments and units; and 713 are under provinces, autonomous regions, and municipalities; and seven are privately run. Although China has scored some achievements in reforming the higher educational management system in the last 10-odd years of reform and opening up, some barriers exist among central authorities, localities, and other professional departments in separating school operations, fund allotments, and management. Therefore, the State Education Commission, central departments, and localities have attached great importance to reforming the management system of higher learning institutions.

About one-fifth of China's higher learning institutions are involved in reforming their management systems, which focuses on joint school operation in various forms and the adjustment of the overall arrangement of higher learning institutions. There are five major forms:

First, institutions are established and managed jointly by central departments and local governments. This is the major pattern being promoted lately. Since the beginning of 1993 the Guangdong Provincial Government has been conducting experiments of this kind with the State Education Commission. At present, it has exercised shared management over almost every institution under its ministries and commissions.

Second, colleges and universities under central departments with popular specialties and in high demand in localities are being shifted to the management of provincial governments.

Third, various forms of cooperation in school operation; nearby schools of different types and disciplines cooperate to run schools to share resources, complementary advantages, cross disciplines, and concerted development. For example, cooperation among five schools, including the University of International Business and Economics and Beijing University of Traditional Chinese Medicine, which are located in the northeastern part of Beijing city proper; and cooperation among the six schools, including the South China Science and Engineering University and Jinan University, in Guangzhou's Shipai Prefecture.

Fourth, the merging of higher learning institutions whose disciplines are mutually required or whose scale is smaller, or the merging of institutions with unitary disciplines or redundantly established institutions, on a voluntary basis. For example, merging Sichuan University and the Chengdu University of Science and Technology into Sichuan United University; merging Jiangxi University and Jiangxi Industrial University into Nanchang University; merging four schools including Shanghai Industrial University into the new Shanghai

University. Statistical figures show that some 50 institutions of higher learning have been merged into 10-odd institutions and 50 more are preparing to merge.

Fifth, enterprises, enterprise groups, and scientific research institutes actively participate in school operation and management to integrate enterprises and research institutes with schools. Sixteen enterprise groups, including the Changan Group and Panzhihua Mine and Metallurgical Company, have participated in running Chongqing University. The Shenli Oilfield Administration has participated in running Petroleum University. The Automobile Enterprise Group has participated in running Jilin Industrial University. The Hangyun Enterprise Group has participated in running Dalian Maritime University.

The forum disclosed: The goal of China's higher educational management system reform is to form a system framework, by the end of the 20th century or at a later time, which combines various departments and regions at different levels. Under the framework, central and provincial governments share the work and take individual responsibility to manage schools. More institutions of higher learning will be placed under the management of provincial governments and provincial governments' authority over local institutions of higher learning will be strengthened.

Those participating in the national forum on reforming the higher educational system were chairmen of the education committees and higher education bureau chiefs of China's 30 provinces, autonomous regions, and municipalities; and leading comrades of 42 central ministries and commissions and the education departments (bureaus) under the general association of industry. Those attending the meeting were governors (mayors) in charge of education from 11 provinces and municipalities, including Beijing and Shanghai. State Education Commission Minister Zhu Kaixuan delivered a report entitled "Earnestly Promoting Reform of the Higher Educational System" today. The forum will proceed for three days.

Departments Send Condolences Over Yao Yilin Death

OW2712093494 Beijing XINHUA in English 0713
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—The general offices of the Communist Party of China (CPC) Central Committee, the National People's Congress Standing Committee, the State Council and the National Committee of the Chinese People's Political Consultative Conference have extended their heartfelt thanks to those who have expressed their sympathy and condolences over the death of late Chinese Vice-Premier Yao Yilin.

Some government departments, friendly organizations and personages of foreign countries, foreign diplomatic

envoys in Beijing as well as foreigners of Chinese origin and overseas Chinese and compatriots from Hong Kong, Macao and Taiwan have sent condolence messages over the death of the late vice-premier, a statement by the four general offices said today.

Yao, who was a long-time member of the Political Bureau of the CPC Central Committee, passed away on December 11 at the age of 77.

Public Servants Urged To Declare Property

HK2612104294 Beijing RENMIN RIBAO in Chinese
20 Dec 94 p 10

["Legal System Salon" column article by Geng Cheng (2577 2052): "Important Measure for Fighting Corruption and Running a Clean Administration"]

[FBIS Translated Text] Strengthening the system in which public servants have to declare the ownership of property and enhancing the legal system constitute an important measure adopted by all countries to deal with corruption. The establishment of a system in which public servants must declare their property, is imperative in China, and will have great immediate significance.

It is required by the establishment of a socialist market economic system to implement the system of public servants declaring their property. China's system of income and distribution for public servants needs to be improved. Besides their salaries, public servants also receive "gray incomes" and welfare benefits. This state of affairs is outstanding in some trades. The problem leads to inequality among the public servants of different trades and departments and easily gives rise to corrupt practices. Hence, it is necessary to vigorously reform the wage system for public servants, monetize distribution, and increase the transparency of the incomes of public servants.

The repeated occurrence of embezzlement, bribery, and other corrupt practices among public servants has seriously undermined the image of the party and government. By establishing a system whereby public servants have to declare their property, we can put property and incomes of public servants under the supervision of the state and the masses, purify the ranks of public servants, prevent corrupt practices, and promote party style and the running of a clean administration.

As China has not yet established a legal system for public servants to declare their property and it has been difficult for the state to exercise control over the source and amount of public servants' property and their legal family income and expenditure, it is thus difficult for the judicial organs to differentiate the terms "legal income" and "illegal income" in the cases involving public servants. As a result, it is also difficult to mete out punishment. Therefore, the establishment of a system for public

servants to declare their property will be of great immediate significance in filling the "blank" in China's current laws and to establishing and improving the legal system for the socialist market economy.

Article on Role of Inner-Party Supervision

HK2312123794 Beijing QIUSHI in Chinese No 21, 1
Nov 94 pp 4-5

[Article by Hou Zongbin, deputy secretary of the CPC Central Commission for Discipline Inspection: "Strengthen Inner-Party Supervision, Strictly Enforce Party Discipline"]

[FBIS Translated Text] Inner-party supervision is a major subject of party building during the new period. Our party has always attached great importance to inner-party supervision, and the emphasis reiterated in the "decision" of the Fourth Plenary Session of the 14th CPC Central Committee on consolidating and perfecting inner-party supervision has clearly shown the importance and urgency of a proper settlement of this issue. To implement the spirit of the recent plenary session, we should, in the first place, deepen our understanding of the essence of inner-party supervision. As was pointed out by the "decision" of the plenary session: "The essence of inner-party supervision is that proceeding from the interests of the people, the party practices self-discipline and self-improvement in accordance with the demand of running the party strictly." To this end, we should, in my opinion, gain a correct understanding of the following three points:

First, inner-party supervision is a basic means and a primary way for the party to exercise self-discipline, facilitate self-improvement, and consolidate self-building, an inherent motive power promoting the development of party organizations, and an essential factor ensuring the health of the party. One manifestation of the advanced nature of our party is that the party can rely on its own strength (with the help of the masses of people, democratic parties, and personages without party affiliation) to solve contradictions inside the party to consolidate and develop itself. Inner-party supervision is such a positive force that inside the party it is a restriction on erroneous activities, an encouragement to correct practices, a guarantee of legitimate rights, as well as the basic relations and norms of all sides, and also protects the leadership and the unity of the party.

Some people deem inner-party supervision to be immaterial and dispensable, some believe that supervision is meant to restrict people, while others think that supervision is detrimental to the concentrated and unified leadership of the party, reckoning it as a negative and alien-type force that impairs the prestige of the leadership. All these views are incorrect. Communist Party members, in particular leading cadres, should conscientiously subject themselves to supervision.

Secondly, our party can rely on its own strength (with the help of the masses of the people, democratic parties, and

personages without party affiliation) to solve its own problems. It has been decided by the nature of our party and repeatedly proved by the party's practice that our party has self-purification and self-immunity ability. The campaign launched last year in which leading cadres at the county level and above are required to take the lead in remaining uncorrupt and practicing self-discipline is one of the major moves our party has taken on its own initiative in its bid to facilitate a cleaner administration. Some people hold the view that supervision cannot be carried out by the Communist Party itself, but must be done by bodies other than the party and that the Communist Party has no alternative but to rely on political forces outside the party for solutions to its problems. All these views are incorrect.

Since the starting point and the end-purpose of inner-party supervision are both aimed at protecting the interests of the people, our party has never practiced closed-doors supervision, still less has it rejected supervision from outside the party; instead, the party has successfully integrated inner-party with outer-party supervision and has made the two complementary to each other in attaining the final aim of supervision with concerted efforts. Inner-party supervision serves as the basis of outer-party supervision, while outer-party supervision in turn gives impetus to inner-party supervision.

Third, our party's goal of self-discipline and self-improvement is not realized spontaneously, but is brought true through the conscientious practice of inner-party supervision under the principle of running the party strictly. Binding force is a basic attribute of supervision, and the inner-party supervision we currently practice is a manifestation of our determination to run the party strictly and to enforce party discipline. Inner-party supervision must be carried out under a normal political atmosphere inside the party; however, we oppose keeping on good terms at the expense of principle and will never throw away criticism and self-criticism as a powerful weapon of inner-party supervision. Failure to adopt an earnest attitude or pay sufficient attention to our work will lead to a situation where supervision becomes a mere formality and the party's self-binding and self-improving functions cannot be brought into full play.

On the issue of inner-party supervision, what counts is conscious and conscientious practice. This point is particularly important at a time when the party is failing to keep tight control over itself or run itself strictly. We must keep the general goal in sight and the daily tasks in hand and push forward work in this field step by step.

To strengthen inner-party supervision, we must inspect the implementation of democratic centralism and regard it as a very important content of inner-party supervision. Democratic centralism is a fundamental organizational and leading system of our party and is also an organizational form which presupposes the existence and guarantee of the leadership of the party. During the new

historical period, the whole party has done a great deal of work to resume and improve democratic centralism. The current implementation of democratic centralism by the party is good on the whole, though there still exist a number of problems.

On the one hand, selfish departmentalism, decentralism, and protectionism in localities and departments have emerged. Some people refuse to carry out orders or bans issued by the central authorities, while others have gone their own way and have drawn up countermeasures in defiance of policies made by higher levels. Such decentralism phenomena at the macro level has hindered the implementation of the line, resolutions, macroeconomic control, and other major moves taken by the central authorities and has weakened the authority of the central government to a certain extent.

On the other hand, some leading cadres of certain localities and departments have acted arbitrarily on matters of major importance and have neglected and even infringed upon the rights of party members. Some leading bodies have suffered from lax discipline and serious internal strife; as a result, their normal decision-making procedures and inner-party political activities have been gravely affected and their role as a leading core cannot be brought into full play. These problems should all be resolved in an earnest manner. Among the "four subordinations," the most important is subordination to the central authorities by the whole party.

Democratic centralism has a bearing not only on the organizational unity of the party, but on its political unity as well; therefore, safeguarding and observing democratic centralism means safeguarding and observing organizational discipline as well as political discipline. We should approach the issue of safeguarding and observing democratic centralism from such a high plane and should step up supervision and inspection over the implementation of various systems under democratic centralism to preserve the authority of the central authorities; ensure a satisfactory implementation of the party's line, principles, policies, resolutions, as well as the decrees and orders issued by the government; ensure that inner-party political life and working mechanisms can function normally; and enhance the unifying force, centripetal force, and combat readiness of the party.

The foci of inner-party supervision are the party's leading organs and leading cadres at all levels, and the core issue is how to correctly wield the powers and authority entrusted by the people. Under socialist market economic conditions, we should pay special attention to fighting and preventing the abuse of power and corrupt practices. We should see to it that, through supervision, our leading cadres at all levels "are honest and upright in their way and have clean hands," remain uncorrupted, and can win the trust and support of cadres and masses. Strict enforcement of discipline is an important guarantee for reinforcing supervision. Everyone is equal before discipline, and party members should also be dealt with sternly for violations of discipline.

To reinforce inner-party supervision, discipline inspection organs at all levels should play their roles to the full with regard to inner-party supervision. This is a requirement set on the whole party by the Fourth Plenary Session of the 14th CPC Central Committee, thus adding to the responsibility of discipline inspection and supervision organs. Discipline inspection and supervision organs at all levels must study new situations and solve new problems, make explorations on their own initiative, energetically carry out their work, increase the intensity of supervision, and try to fulfill their supervision duties in a comprehensive way. The "decision" has set out requirements and measures for upholding democratic centralism, consolidating the building of grassroots party organizations, and training and promoting leading cadres. Discipline inspection and supervision organs, for their part, must take earnest steps to supervise and inspect the implementation of these requirements and measures.

Further systemizing inner-party supervision is a fundamental link to strengthening and perfecting it. This embraces work in two aspects: 1) It is necessary to institute a sound supervision system and clearly define codes of conduct and supervision criteria; and 2) it is imperative to set up a guarantee mechanism which can ensure a satisfactory implementation of the supervision systems. To this end, we need to improve all existing supervision systems inside the party or adopt concrete measures to ensure their sound implementation. For example, in a bid to facilitate effective criticism and self-criticism, efforts must be taken to persistently uphold and improve the system of meetings on party activities and the system of meetings on democratic practices for party-member leading cadres, as well as carrying out face-to-face talks activities. Meanwhile, we should also pay close attention to drafting laws on supervision, particularly to the formulation of inner-party supervision regulations, as well as regulations for the protection of the rights of party members, build up and implement a new supervision system on the basis of our new practice and in accordance with the new requirements, and quickly standardize the conduct of party members and cadres under the new situation.

QIUSHI Views Party Building in New Era

HK2512073694 Beijing QIUSHI in Chinese No 22, 16 Nov 94 pp 2-8

[From the "Understanding the Decision by the Fourth Plenary Session of the 14th CPC Central Committee" column by Gong Yuzhi (7895 5148 0037), vice president of the of the CPC Central Committee Party School: "New Great Revolution and New Great Project of Party Building"]

[FBIS Translated Text] The "Decision By the CPC Central Committee on a Number of Major Issues Concerning the Strengthening of Party Building," a document adopted by the Fourth Plenary Session of the 14th

CPC Central Committee, pointed out: In this new historical era, in order to lead the reform and opening up well and accomplish the new, great revolution of socialist modernization, we need to conduct a new, great revolution in party building. This appeal has attracted the attention of the whole party and the whole nation.

The formulation of a "great project" of party building was quoted from "Introducing GONGCHANDANG REN [THE COMMUNIST]" by Comrade Mao Zedong. Restudying this article when we study the decision of the Fourth Plenary Session of the 14th CPC Congress on party building will be very beneficial.

Mao Zedong Thought reached maturity when it was systematically summarized and extended in various dimensions during the Yanan period. One of the dimensions in which it was extended was party building. At the time, launching the party journal GONGCHANDANG REN was to aid party building. The introduction can be seen as a foundation work for the formation of Mao Zedong's mature theory on party building. It contains two most important ideas. One is that to win the victory of the Chinese revolution requires the establishment of a nationwide Marxist-Leninist Chinese Communist Party that is of a mass nature and is completely consolidated ideologically, politically, and organizationally; this Comrade Mao Zedong dubbed as "a great project." The other idea is that the process of party building is closely connected with the party's political line. Comrade Mao Zedong explained a law that he had discovered by reviewing the party's 18-year history: When our party's political line is correctly tackling the basic issues of the Chinese revolution (the issue of united front and the issue of armed struggle), our party's development and consolidation can take a step forward; if it is not correctly tackling these issues, the development and consolidation of our party would backtrack a step.

These two points are very significant in guiding our understanding of the position of party building and the crux of the issue of party building.

I. The Great Project for Transforming Society and the Great Project for Party Building

The CPC has led the Chinese people in two great revolutions. Both revolutions were great projects for transforming society and, in relation to this, also great projects for party building.

The first Chinese revolution succeeded under the leadership of the party center with Mao Zedong at the core. What was the purpose of that revolution? It was to transform China, turning the semicolonial and semifeudalist old China into a new-democratic and socialist New China. This was a great project for transforming the society. To lead this social transformation, a great project of party building was needed. Comrade Mao Zedong's contribution to history lies in the fact that he integrated Marxism with China's reality; correctly handled a series of basic issues concerning the Chinese

revolution, associating this closely with the correct handling of the political line; and built the CPC into a Marxist party that is of a mass nature, belongs to the working class, and is completely consolidated ideologically, politically, and organizationally. It was the victory of the great project of party building that led to the victory of the great social transformation project of Chinese new-democratic and socialist revolution.

China's second revolution successfully started under the leadership of the party center with Comrade Deng Xiaoping at the core. What is the purpose of this revolution? The purpose is to further transform China, that is, through the reform and opening up, to transform the underdeveloped socialist China into a rich and powerful, civilized, and modernized socialist China. This is another great project for transforming China. To lead this social transformation project to victory, another great project of party building is needed.

Since the CPC has already been built into a great party, why is it necessary to bring up the formulation of a party building project again?

I think there are four reasons behind this:

First, during the Cultural Revolution, our party building was seriously sabotaged. Damage was caused to all aspects of our party, including its ideology, political nature, organization, work style, its ties with the masses, and its image in the eyes of the masses. The undermining process started during the erroneous antirightist campaign in 1959 and culminated during the 10-year domestic turmoil of the Cultural Revolution. Did we not say that when our party is not correctly handling the basic issues of the political line, the party's development and consolidation would backtrack a step? The retrogression during the Cultural Revolution was a very big step back. We must not underestimate the damage done by the Cultural Revolution to party building and the profound and farreaching consequences of such damages. A party hit hard by the Cultural Revolution must have a rebuilding project.

That is why after the Cultural Revolution had ended, the crux in Comrade Deng Xiaoping's effort to lead the whole party in bringing order out of chaos was to set right the mistakes in the party's ideological line, political line, and organizational line; and to differentiate between right and wrong in all the important issues of the party history. It was in the process of bringing order out of chaos that the great project of party building in the new era was begun.

The process of bringing order out of chaos to set right the mistakes of the Cultural Revolution was basically completed quite some time ago. However, to eliminate the impact of the damage to the party from the Cultural Revolution still entails a long-term effort in party building on the part of our party.

Second, our party is undergoing a profound historical change. As Comrade Deng Xiaoping summarized it, our

party is changing from taking class struggle as the key link to centering around economic construction, from a closed state to opening up, and from sticking to set rules to reform in all dimensions. The economic structural reform can be summarized as a shift from the planned economy to a socialist market economy. These profound historical changes have created a new epoch in the history of our party and our country. Conducting modernization in the process of reform and opening up has brought new life and vitality, not only to China's socialist cause but also to party building in the new era.

In the meantime, in the context of reform and opening up and in the process of switching over to a new socialist market economic system, party building faces many new circumstances, new contradictions, and new problems. They find expression mainly in the following two aspects:

1. Under the new circumstances, we should be good at adhering to and carrying forward the principle and spirit of the fine traditions of party building. Some specific forms and methods should be changed and innovated alongside the changes in tasks and conditions, as the original forms and methods may not be suitable any longer. That is why Comrade Deng Xiaoping proposed reforming the party and state leadership systems and reforming the political structure to go hand in hand with the economic structural reform. Overall reform should include the reform in the area of party building.

2. On the other hand, in the process of opening up to the outside and enlivening domestic development, many negative and decadent factors coming from abroad or rearing their ugly heads within the country will continue to attack our party, tempting the deviant and muddle-headed elements in our party. This is a real problem which is staring us in the face. Comrade Deng Xiaoping has often alerted the whole party to this problem. Our party is facing a new acid test.

In other words, in the new historical period, in order to better adapt to the new circumstances and undergo new tests, we must conduct necessary reform in party building and take substantial measures to strengthen and consolidate the party well. That is why this is called a new, great project of party building.

Third, our party and our socialist cause are witnessing tremendous changes in the international situation. The former Soviet Union and some socialist countries in Eastern Europe have disintegrated. The disintegration of those nations was not unconnected to the disintegration of the Communist Parties within those nations. Under such a situation, can the CPC and China's socialist cause stand firm? After one Cold War (the United States and the West against the Soviet Union) ended, two new cold wars have started. One of them is against socialist countries and the other is against underdeveloped nations. Can China cope with this situation? While explaining how grim this situation is, Comrade Deng Xiaoping also pointed out that we should not paint

everything black, should not think the situation has deteriorated to an insufferably serious level, and should not see ourselves in an extremely disadvantaged position.

In fact, there are many contradictions, and big ones, in the world. Contradictions exist of which we can take advantage as do conditions which are conducive to ourselves and opportunities which we can use. We should make sober observations, hold our ground, meet any challenge calmly, concentrate on doing practical things, and handle our own affairs well. This includes being good at seizing opportunities, developing our economy, improving the living standards of our people, and focusing our mind on our party building. As long as over 1 billion Chinese people, under the leadership of the CPC, stick to building socialism with Chinese characteristics, we will be able to consolidate and develop our position in the complex and changing world situation. This will ensure a status and future for socialism in the world.

That was an analysis of the necessity and significance of a new project for building the CPC in the context of world circumstances.

Fourth, as far as the organizational state is concerned, our party has now developed into a big party with a membership of 54 million. The expansion of the party's membership indicates an expansion of the party's strength and the injection of a large amount of new blood into the party. This is one aspect. The other aspect is that the size of our party today has brought many new problems to party building. The tasks related to organization, management, and education are more complex and onerous than ever before. The number of party members who experienced the test of revolutionary war is now under 2 million and most of them have retired. The number of those who joined the party in the period between the founding of New China and the beginning of the Cultural Revolution is also less than a quarter of the total membership.

Large-scale renewals in the party leadership groups have taken place, or are happening right now, and the same is happening to party members. Old leading cadres and old party members must learn new skills in the face of the new situation and tasks; new leading cadres and new party members must receive systematic education in the party's theory, work style, code of political life within the party, and self-cultivation as communists. It is necessary to properly organize these tens of millions of party members in such an experience structure, make a conscientious effort to train them well, and give full play to the exemplary role and creative spirit of party members, so that the fine traditions tempered by our party through the revolutionary war can be carried forward by the party members who did not experience the revolutionary war and that the successful experience of our party in party building through the twists and turns after the founding of New China can be accepted by the whole

party and its mistakes and lessons in the same process can be remembered and guarded against by the whole party.

Under the domestic and international circumstances of the new era, to build our party into one that is as strong and solid as the one tempered in the revolutionary war is a new, great task that must be undertaken by the party building project in the new era.

In short, the new international circumstances (i.e., the political situation and the intense competition in economy, science and technology, and overall national strength), the new domestic circumstances (i.e., historical changes and reform and opening up), new tasks (i.e., concentrating on socialist modernization, developing a socialist market economy, developing socialist democratic politics, and developing socialist spiritual civilization), and the new organizational situation all certainly call for a new, great project for the building of our party.

Since the Third Plenary Session of the 11th CPC Central Committee, this new, great cause was victoriously begun under the leadership of the second-generation central leadership collective, with Comrade Deng Xiaoping at the core. It is still continuing to move forward under the leadership of the third-generation central leadership collective with Comrade Jiang Zemin at the core.

When Comrade Mao Zedong was leading the project of party building, he repeatedly emphasized that party building cannot be detached from the party's political line and its efforts to handle correctly the basic issues of the Chinese revolution. Similarly, party building in this new era cannot be detached from the domestic and international environments, the tasks, and the party's political line in the new epoch. It was when he was leading our party in conducting the new, great social transformation project of reform, opening up, and socialist modernization that Comrade Deng Xiaoping led our party to start on the new, great project of its own building. Comrade Deng Xiaoping's contribution to history lies in the fact that, under the new historical conditions, he has integrated Marxism-Leninism with the present-day reality in China and the features of the times.

On the basis of summing up the past experience of successes and setbacks in the development of our socialism since the founding of New China, and on the basis of studying international experience and the world situation, he found preliminary answers to a series of basic issues concerning socialist modernization in China in a relatively systematic way. Keeping in sight the correct political line of the party in the new era, he put forward tasks for strengthening and improving party building. Comrade Deng Xiaoping demanded that we conduct the new, great project of party building by centering on and serving the new, great revolution led by the party and also centering on the party's political line for the new era. We must not conduct party building simply in terms of organization and work style out of the

context of the new circumstances, tasks, and lines. Therefore, on the one hand, he emphasized the important position of party building and that, if the project of party building was not carried out well, the social transformation project led by the party would not succeed; on the other hand, he also emphasized that we must try to understand the important position of party building by placing it in the midst of all undertakings of the party and in orbit around the party's political line. This is the only correct answer to the question concerning the position of party building and only this conforms to the principled spirit of the theory on party building mentioned in "Introducing GONGCHANDANG REN" and consistently emphasized by Comrade Deng Xiaoping.

II. How To Appraise the Status Quo in Party Building

How should we appraise the current state of our party building? There is one opinion that superiors tend to see many achievements and good situations while the subordinates tend to see many problems and bad situations. In fact, central documents and speeches made by central leaders, including the decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee and Comrade Jiang Zemin's speech, always cover not only the many aspects in which achievements have been made in party building in the new era but also the many problems encountered at present and the fact that some negative and corrupt things are growing and spreading and the broad ranks of party members and the masses are very unhappy about them. As to the masses, they do not refuse to acknowledge the achievements either. The crux of the issue is that we must have a correct method for appraising the current state of party building.

Since party building cannot be independent of the overall situation, the party's tasks, the party's political line, or the party's historical development, the assessment of the achievements and problems of party building at present cannot be done outside the context of the line our party has followed and its evolution since the Third Plenary Session of the 11th CPC Central Committee. If we do try to understand and analyze problems this way, we will have to admit that, as pointed out by the "Decision," "since the Third Plenary Session of the 11th CPC Central Committee, tremendous achievements have been made in party building." A careful analysis will indicate that a common understanding should be easily reached on this point.

For example, the ideological line of emancipating the mind and seeking truth from facts has been restored and developed; the theory of building socialism with Chinese characteristics has been founded; and the basic line of "one center, two basic points" has been introduced. The "Decision" refers to the abovementioned advances as the party's ideological building, theoretical building, and political building, which can be put under the general term of ideological building of the party. The primary and decisive element in party building is ideological building. The major achievements made in those aspects

of party building since the Third Plenary Session of the 11th CPC Central Committee are undoubtedly obvious and generally recognized.

As far as the organizational building of the party is concerned, the second-generation leadership collective of the party center succeeded the first generation rather smoothly [bi jiao shun li de 3024 6525 7311 0448 0966] and subsequently handed the power down to the third-generation leadership collective in the same manner. Despite some twists and turns, those processes were, on the whole, rather smooth. This was an amazing achievement. Achievements in some other areas, such as the abolition of the de facto life tenure in official posts, the large-scale personnel renewal of the leadership at all levels, and the changes in the age structure and levels of education of cadres, also comprise quite a feat.

Party activities in the spirit of democratic centralism have been restored and developed, the national party congresses have been convened regularly in accordance with the party Constitution, and major issues of the party can be correctly solved at the national congresses and Central Committee meetings according to democratic centralism. This should be considered significant progress when compared to the abnormal state of affairs in those areas in the past (the gap between the Eighth National Party Congress and the Ninth National Party Congress was 13 years, not to mention that the political line of the latter was incorrect and the provision in the party Constitution that national congresses be convened once every five years was not observed).

The building of the party's work style is very controversial at present and most discussions are related to the anticorruption issue, though this should not be seen as the only issue that concerns the party's work style. The conventional definition of the party's work style covers the style of integrating theory with practice, the style of maintaining close ties with the masses, and the style of self-criticism. To analyze the current state of the party's work style from these three perspectives, we need to approach the issue from various angles.

As far as the style of integrating theory with practice is concerned, the enormous progress made in terms of ideological line was mentioned earlier when the topic of the party's ideological building was addressed.

As far as the style of self-criticism is concerned, our party did not try to gloss over its past mistakes, including the mistake of the Cultural Revolution and earlier mistakes leading up to it. Instead, it conducted self-criticism in a serious manner and conscientiously reviewed what had gone wrong in the past. Such courage, resolution, and the serious attitude of accepting accountability to the people bear comparison with the effort to review the party history during the rectification movement in Yanan. The problem is seen elsewhere. That is, there is a serious lack of criticism and self-criticism among party members in the regular activities of party organizations. There is a historical reason behind this phenomenon: It is an effort

to counter the practice of making someone a target of common criticism during regular party activities in the past. Discarding that practice and adopting a discreet attitude in criticizing and handling people is progress in terms of how the regular activities of party organizations are conducted. However, going to the other extreme and abandoning the weapon of criticism and self-criticism is a regression and will greatly weaken the party's ability to resist and eliminate negative and corrupt phenomena. This is one of the problems that demand urgent solution in building the party's work style.

In terms of the style of maintaining close ties with the masses, if we look at the fact that the party's current basic line is in the interests of the masses and has won their support, the party's relationship with the masses is more closely compared to the period when the party's guiding ideology deviated to the "left" and undermined the people's interests. Establishing and implementing a correct political line is the fundamental way to cement the ties between the party and the masses. However, some of the leading cadres in the party seek personal gain by using the power in their hands, going in for extravagance and waste, boasting and making false reports, resorting to malpractices in making personnel appointments, and so on and so forth. These corruption phenomena are growing. In this sense, the connection between the party and the masses has been greatly undermined indeed. We must face the serious problems in this regard and should never overlook them because of the achievements that have been made in other areas of party building. People say that the party has now established an image of reform and opening up, which has been generally acknowledged, and has adopted a rather pragmatic image, which has also been acknowledged by the majority.

However, the most controversial point is whether or not the party has established a clean and honest image. On this issue, people generally think there is much room for improvement. One can say that as far as the whole party membership is concerned, clean and honest conduct is the mainstream. But some members of the party are not clean or honest and have badly tarnished the party's image. To combat corruption and improve the party conduct is what the masses are most concerned about and what the party is making an unremitting effort to solve by means of education and law.

In short, by appraising the current state of party building from an analytical, or rational, approach instead of an emotional approach, we can see all aspects of this issue.

The appraisal of the status quo of party building does not just cover the issue of party building. It is also an appraisal of the overall performance of the party. The status quo of party building is inseparable from the overall work of the party. If we acknowledge that the overall achievement of the party since the Third Plenary Session of the 11th CPC Central Committee has been very big, we must acknowledge the achievement in party

building in the past years has also been very big. Otherwise, there would be a paradox: From whence did the overall achievement of the party come? If party building had been very bad, how could the party have led China's reform, opening up, and socialist modernization to such enormous successes which caught the attention of the whole world? In relation to this, there is also the question of from where does confidence come? If we could not see the success of party building, we would not be able to gain confidence in the inevitable victory of the party's cause. Therefore, a correct appraisal of the achievements in party building concerns two fundamental questions: From whence do the achievements of the party's cause come and from where does the confidence in the party come?

In addition, truthfully and fully assessing the problems present in party building and striving to solve them by substantial and effective means also involves the question of from where the achievements and confidence come. Today, there are indeed many disturbing and worrying problems in the area of party building. Comrade Deng Xiaoping once said: "We must worry about our country, our people, and our party!" At the Fourth Plenary Session, Comrade Jiang Zemin also said: "When we talk about the sense of crisis, we must first of all worry about our party!" "In analyzing the current state of our party, it is wrong to turn a blind eye to the mainstream and the achievements; it will also lead to big mistakes if we underestimate the existing problems and fail to adopt effective measures to solve them." Worrying for the party is a manifestation of the party spirit and sense of accountability to the party and the people that communists (from party leaders to each member of grassroots party organizations) should have. There are indeed some worrying problems in our reality:

The party's ideological line has been rectified but, for some time, such unhealthy tendencies as boasting, making false reports, and formalism have reared their ugly head in some localities and some departments. This is also a problem of the ideological line.

Deng Xiaoping's theory of building socialism with Chinese characteristics has been established and the basic line of "one center, two basic points" has been introduced but some phenomena of ideological and theoretical confusion still exist on a rather extensive scale. For the whole party to reach a firm common understanding on this theory and adhere unswervingly to this basic line, in-depth and meticulous work has yet to be carried out.

A great deal of work has been done in restoring and improving democratic centralism but, under the new circumstances, many muddled ideas about democratic centralism have come into being and, in real life, lack of democracy and lack of centralism coexist to various extents. Sometimes, orders and prohibitions are not executed. Institutional building remains a weak link, the implementation of systems still has an arbitrary nature, and the systems lack the power to standardize and to constrain.

Party organizations and contingents have developed but the phenomenon of party organizations not administering party members and lack of strictness in party discipline remain serious problems in some localities and units. Some grass-roots organizations are very loose. Some party members are inconsistent in their ideals and faith and have a weak sense of party affiliation and a weak sense of serving the people.

A series of correct policies by the party have brought real benefits to the masses but, in concrete practice, as far as the relationship between cadres and the masses is concerned, there are still such problems as undermining the interests of the masses and divorcing themselves from the masses. Some cadres even bully and oppress the masses.

In the anticorruption campaign, some corrupt elements have been punished but there is still quite a long way to go before the overall situation can improve. People are looking forward to more fruitful progress in this struggle. The list can go on.

Only by gradually and effectively solving these problems in the course of strengthening and improving party building can we continue to make achievements in reform, opening up, and socialist modernization and help people, through the gradual solution of their problems, gain more confidence in the prospect that our party's cause is bound to succeed.

III. The Party Building Project and the Party Building Theory

The new, great revolution and the new, great project of party building require the guidance of a new theory. This theory is Deng Xiaoping's theory of building socialism with Chinese characteristics.

Deng Xiaoping's theory of building socialism with Chinese characteristics is a complete and scientific system. Since party building cannot be independent of the overall undertakings of the party, we should first of all emphasize the need to guide party building with the whole of this theory. To equip the whole party with this theory is the most fundamental part of this new, great project for party building. The "Decision" put forward the fundamental goal of party building in the new era, that is, to "build our party into a Marxist party which is: Equipped with the theory of building socialism with Chinese characteristics; serves the people wholeheartedly; is completely consolidated and able to stand up to all kinds of ideological, political, and organizational risks; and which is always in the lead of the times."

The "Decision" also says: "Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics contains a rich theory on party building." The theory on party building is an important component of the scientific system of Deng Xiaoping's theory of building socialism with Chinese characteristics. The whole theory is a macrosystem and the theory on party building is a

subsystem of this macrosystem. The subsystem itself also constitutes a system in its own right. The report by the 14th National CPC Congress gave a rather complete exposition on the main contents of the macrosystem of Deng Xiaoping's theory of building socialism with Chinese characteristics. How should we express the main contents and scientific structure of this subsystem, Deng Xiaoping's theory on party building?

The decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee summarized Deng Xiaoping's theory on party building into seven points. Though they are a brief listing and make some omissions to avoid excessively overlapping with other parts of the document, they nevertheless give an outline of Deng Xiaoping's theory on party building. The first point is a general remark on the status of the party regarding its leadership and its role as a nucleus and the dialectical unity of adhering to the party's leadership and improving the party's leadership. The remaining points deal with ideological and organizational building and the building of work style, each of which is divided into a number of aspects forming a rather complete system.

In discussing the development of the theory on party building, we should take into consideration the whole of Deng Xiaoping's theory of building socialism with Chinese characteristics. In my opinion, we are talking about how Deng Xiaoping's theory of building socialism with Chinese characteristics has been a development of Mao Zedong Thought, primarily from an overall point of view, in the context of the overall historical changes and the evolution of history in the new era, with reference to several important theoretical arguments as well as breakthroughs and innovations in strategic ideology. Discussing the evolution of a theory merely in terms of one field and one argument, or trying to make comparisons between specific words or formulations without referring to the abovementioned context, is unscientific. In the same way as party building cannot be independent of the overall cause undertaken by the party, the theory on party building cannot be independent of the entirety of Deng Xiaoping's theory of building socialism with Chinese characteristics.

We shall, under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics, victoriously push ahead with the reform, opening up, and socialist modernization, this new, great project for transforming the Chinese society. In the meantime, we shall victoriously push ahead with the new, great project for the building of the CPC. In this process, our theory, including the theory on party building, will certainly attain further development.

Beijing Hosts Seminar on Deng Works 14 Dec

HK2712145494 Beijing XINHUA Domestic Service in Chinese 0901 GMT 14 Dec 94

[FBIS Translated Text] Beijing, 14 Dec (XINHUA)—This morning, a seminar on studying the *Selected Works*

of Deng Xiaoping and the theory on building socialism with Chinese characteristics was held in the Great Hall of the People. In his speech at the meeting, Hu Jintao, CPC Central Political Bureau Standing Committee and CPC Central Secretariat member, pointed out: Since the 14th party congress, an inspiring new situation has appeared in the aspect of studying, researching, and propagating Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. Party committees at all levels should further strengthen leadership, make further advances, and adopt effective measures to promote the study, research, and propaganda in depth and in breadth. This will serve the new great project of advancing party building across the board, serving the mission of rallying the entire people of this country to keep the party's basic line unshakable for 100 years and to more quickly and better develop socialist modernization, and serving the purpose of developing the overall situation of the work of the whole party and the whole nation and fulfilling all current tasks.

The seminar was jointly held by the CPC Central Propaganda Department, the CPC Central Party School, the CPC Central Party Literature Research Office, the Chinese Academy of Social Sciences, the State Education Commission, and the General Political Department of the People's Liberation Army with the approval of the central leading body. Experts, scholars, and responsible comrades from the relevant departments in all parts of the country, a total of more than 250 people, attended the meeting.

Liu Huaqing, Rong Yiren, Li Lanqing, Li Tieying, Bo Yibo, Buhe, Ngapoi Ngawang Jigme, and Hu Sheng attended the opening session of the seminar.

Ding Guangen, CPC Central Political Bureau and CPC Central Secretariat member, presided over the meeting and made a speech.

Hu Jintao said: Since the 14th Party Congress, the party Central Committee with Comrade Jiang Zemin at the core, has comprehensively carried out the party's basic line, actively advanced the practice of reform and construction, focused efforts on the fulfillment of the fundamental task of arming the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and made a series of important arrangements for the fulfillment of this task which has a bearing on the overall situation.

Party committees at all levels and the departments concerned have also done effective work in this regard. The general situation in the theoretical work is good. Theoretical study, research, and propaganda should always be focused on Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. Senior cadres have taken the lead in studies; leading cadres have set a good example through their own actions in leading the whole party to study the theory; the theoretical and propaganda work adheres to the correct ideological orientation and effectively helps cadres and

the masses correctly understand and fully master the theory on building socialism with Chinese characteristics; and theoretical research in this aspect has been gradually strengthened and has achieved marked results in serving reform, opening, and modernization.

Hu Jintao stressed: It is a long-term strategic task to arm the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. The study, research, and propaganda of this theory must be continued extensively and deeply. Efforts should mainly be made to further effectively organize theoretical training for cadres at and above the county level and organize the study of the central groups of party committees at all levels. At the same time, it is necessary to devote energy to the organization of theoretical studies among the party rank and file, among intellectuals, especially those in social science circles, and also among young people.

Hu Jintao said: Greater efforts should be made in theoretical propaganda and research. The work in this field should be oriented to practice and should give the answers to the various questions people encounter in practice. The clearer, the more incisive, and the more convincing the answers are, the more useful they will be and the easier it will be to make people understand the correctness of the theory and the necessity of the study. Comrades engaged in theoretical work should closely link their work with the practices of reform, opening, and modernization, thus providing more scientific grounds, policy proposals, and theoretical support for the policy decisions made by the party and the government. They should also give proper explanations to the various questions and doubts which the masses have, thus removing their misunderstandings and misgivings. Theoretical research and theoretical propaganda should be focused on creative and constructive initiatives through emancipating people's minds, seeking truth from facts, adhering to the truth, and correcting mistakes. Theoretical workers should be united among themselves and should also work harmoniously with practical workers.

Finally, Hu Jintao stressed: Party committees at all levels should strengthen their leadership and work consistently and carefully in organizing and arranging theoretical study, research, and propaganda. Inspection and supervision should be carried out on a routine basis and problems appearing in the work should be solved in good time. Theoretical research is arduous work, so party committees at all levels should understand and cherish the theoretical workers and should particularly show concern for their political and professional progress, helping them solve their difficulties in their study, work, and daily lives. It is necessary to strengthen the unity inside the contingent of theoretical workers and it is also particularly necessary to discover, train, and use outstanding young and middle-aged theorists, thus making an effort to build a contingent of theorists to do effective

work in studying and giving publicity to the theory on building socialism with Chinese characteristics from now to the next century.

In his speech, Ding Guangen said: The seminar is an important event in our party's theoretical work and for our country's theoretical circles. The task of the meeting is to put into practice the spirit of the 14th Party Congress and the Third and Fourth Plenary Sessions of the Central Committee and to develop our theoretical work in accordance with the general guideline of "grasping the opportunity, deepening reform, expanding opening, promoting development, and maintaining stability" for the whole party and the whole nation by linking theory with practice. We shall exchange our experiences and feelings in the study of the *Selected Works of Deng Xiaoping*; discuss Comrade Deng Xiaoping's scientific theory on building socialism with Chinese characteristics; further deepen the study, research, and propaganda of this theory; make our theoretical work better serve reform, opening, and socialist modernization; serve the purpose of arming the whole party with the theory on building socialism with Chinese characteristics; and serve the purpose of keeping the party's basic line unshakable for 100 years.

Ding Guangen said: In order to make this meeting a success, since last April, various localities and departments have done a great deal of preparatory work by organizing theoretical seminars, doing in-depth research, and recommending outstanding theses. Through serious examination and selection, 100 treatises were picked from several thousand papers for the current seminar. The current meeting will review the results of theoretical studies and research and will also give a great impetus to theoretical study, research, and propaganda. The meeting will certainly produce a positive effect on our party's ideological and theoretical building.

Ding Guangen pointed out: The 14th Party Congress established the guiding position of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics in the whole party and set out the strategic task of arming the whole party with this theory. In order to fulfill the task of arming the whole party with the theory on building socialism with Chinese characteristics, the party central leading body with Comrade Jiang Zemin at the core has adopted a series of major measures. Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics has become a fundamental guideline for our work in all fields and has taken root deeply in the people's minds. An upsurge in theoretical study is going on in depth.

He stressed: Arming the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is a long-term strategic task. In the course of fulfilling the task, the theoretical workers are shouldering a heavy responsibility. So, it is our sincere hope that the theoretical workers will, under the leadership of the party Central Committee with Comrade Jiang Zemin

at the core, be more united, emancipate their minds, work hard to seek truth from facts, link theory with practice, break new ground and make further advances, and make new contributions to the work of arming the whole party with the theory on building socialism with Chinese characteristics and guiding the study, research, and propaganda of this theory in depth.

In his speech, Comrade Bo Yibo said: This seminar is being held at a good time and it is of unusual significance. By saying the meeting is held at a good time, I mean two points. First, the whole party was highly enthusiastic about studying Volume Three of the *Selected Works of Deng Xiaoping* last year and this enthusiasm was unprecedented. The study has achieved marked results and has, in fact, made the best preparations for the current meeting. Second, after the party Central Committee made the arrangements for strengthening the party's ideological building and style building, the Fourth Plenary Session of the Central Committee again made the decision on strengthening the party's organizational building. By saying that the meeting is of unusual significance, I mainly mean that we are not situated in the crucial period of building the socialist market economic structure. We should understand the importance of studying the *Selected Works of Deng Xiaoping* from such a strategic point of view.

After briefly reviewing the party's historical experience, Bo Yibo said: It was not easy for the party to understand the theory on building socialism with Chinese characteristics, so we must cherish it more dearly and study it. Its basic points have deeply taken root in the vast land of China. It is Marxism in contemporary China, has passed the test of practice, and is the guide to our action for realizing the three-step strategic objectives. Its far-reaching significance will certainly become more brilliant along with the further development of reform and opening in our country. He hoped that the theoretical workers will rally under the banner of Comrade Xiaoping's spiritual civilization, always maintain the firm belief in Marxism and communism, show their foresight, and work with one heart and one mind for the realization of the common ideal under the leadership of the party Central Committee with Comrade Jiang Zemin at the core, go deep into the reality, make explorations continuously, give extensive publicity to the theory, strengthen education, and make new contributions to reform, opening, and modernization.

Mao's Works on Foreign Affairs Published

OW2512025194 Beijing XINHUA in English 0219 GMT 25 Dec 94

[FBIS Transcribed Text] Beijing, December 24 (XINHUA)—With the approval of the Communist Party of China (CPC) Central Committee, the *Selected Works of Mao Zedong on Foreign Affairs* has come off the press and will be available soon across the country.

The book focuses on Mao's exposition on world situation and China's diplomatic policies. It includes 160

articles, speeches, talks, comments and telegraphs between July 1937 and May 1974, most of which have been publicized for the first time.

As an outstanding diplomatic strategist, Mao put forward remarkable and far-reaching diplomatic policies at different periods both before and after the founding of the People's Republic of China, according to the compilers.

One major feature of the book is that it includes a large amount of Mao's talks with foreign guests. In addition to foreign affairs, Mao also made incisive expounding on politics, economy, philosophy, history, literature and art.

The book was compiled by the Ministry of Foreign Affairs and the Party Literature Research Center of the CPC Central Committee, and published jointly by the Central Literature Publishing House and the World Knowledge Publishing House.

Marxist Theoretical Biweekly To Be Published

OW2612130794 Beijing XINHUA Domestic Service in Chinese 1010 GMT 26 Dec 94

[FBIS Translated Text] Beijing, 26 Dec (XINHUA)—THE STUDY OF MARXISM [MA KE SI ZHU YI YAN JIU 7456 0344 1835 0031 5030 4282 4496], a large academic theoretical biweekly compiled by the Research Institute of Marxism-Leninism-Mao Zedong Thought under the Chinese Academy of Social Sciences (known by its abbreviation "Institute of Marxism-Leninism-Mao Zedong Thought"), will soon be published and put on sale. The chief editor of the publication is Professor Jin Huiming, director of the institute. THE STUDY OF MARXISM caters to readers at home and abroad, researches and expounds basic Marxist tenets and works on Marxism, and examines the evolution of Marxism in the present age.

Acting Secretary of Christian Council Interviewed

HK2412064294 Hong Kong SOUTH CHINA MORNING POST in English 24 Dec 94 p 16

[Report on interview with Dr. Han Wenzao, acting general secretary of the Chinese Christian Council, by SOUTH CHINA MORNING POST reporter Daniel Kwan; place and date not given: "To Build A New Church"]

[FBIS Transcribed Text] Dr. Han Wenzao is no Santa Claus. But for this Christmas, the new Acting General Secretary of the Chinese Christian Council (CCC), will have so many Christmas wishes from mainland Christians to answer that he may need a real Santa to deliver them.

Elected last month to head the CCC, Dr. Han faces an arduous task. In his own words, he has to "bring up a new generation of church leaders and make a concerted effort to serve the rural churches in China". To put it more simply, Dr. Han's task is to build God's kingdom

in the atheist regime of Communist China and to preach a religion which is still regarded by some die-hard Marxists as the opium of the people.

And for this 71-year-old from Shanghai, the job is even tougher because the flocks often don't follow the shepherd's whistle. The Christian church in China has gone through many trials over the years, and for many Christians in China, martyrdom is still a day-to-day reality rather than a tale from the history books. Even in 1994—15 years after China opened its doors to the West—Bibles cannot be bought and sold in public bookstores and can only be obtained legally through the official churches.

Nevertheless, the Christian church in China is growing fast. According to Dr Han there are now eight to 10 million Christians and over 9,000 house churches across the country. The growth of the Christian population was so rapid that even foreign critics have had to admit that the CCC—in spite of its official background—played a part in its expansion.

However, the rapid growth in churches and the fast-paced changes in Chinese society have brought with them a host of problems beyond the power and resources of the CCC. For example, the CCC not only has difficulties in reconciling with the underground churches in China, but it also faces growing dissatisfaction within the open churches. By its own account, it received over 500 complaints last year, ranging from property disputes to the unlawful detention of Christians.

With that in mind, one may be more easily able to understand the difficulties which Dr. Han faces. After graduating in civil engineering from the prestigious St. John University in Shanghai in 1944, he joined the YMCA there, an institution often described by veteran China watchers as a bastion of the Communist Party. He moved to Nanjing in 1947 and was responsible for the organisation of the provincial and the local Three-Self Patriotic Movement (TSPM). The TSPM and the CCC (set up in 1980) are two government-sanctioned bodies responsible for the management and administration of Protestant churches in China.

During the Cultural Revolution, Dr. Han was purged and sent to the countryside. Little is known of his activities during that period. He returned to the CCC after the fall of the Gang of Four. Although Dr. Han still remains quiet about his past, he is much more open on other issues.

Take Christianity versus Communism, for instance. "I don't think there can be a compromise between Christianity and atheism," said Dr. Han in a recent interview with the SOUTH CHINA MORNING POST. "But there is common ground." To him, it is obvious that there can be no dual-allegiance to Jesus Christ and Karl Marx. Communist Party members are to withdraw from the party if they become Christians. That, Dr. Han said, has created problems in the countryside.

"Not many so far. But after all Christianity is a small church. If ours were a powerful church (then it) could be a different picture. I don't think that Christianity has been a big threat, so far," he said. "In many cases, because of the good work on the part of the congregation to do something for the community, the government leaders have given very favourable comments."

Such good work, Dr. Han believes, has a much deeper effect than mere charity. Christianity, he said, provides an alternative to the prevailing get-rich mentality in Chinese society. "This money-oriented concept is a problem (and) is a challenge to us. To get rich is glorious—that kind of mentality already has been the root cause of many social problems," Dr. Han said.

"This money-oriented concept causes divorces. That's tragic. We don't expect too much—(just) some contribution in seeking a moral life. We are not for the money-oriented concept. Of course, money is important in the development of the economy, improving one's livelihood, it's important. But don't be too money oriented."

Although Dr. Han has not had formal theological training, he said the grooming of young pastors, church leaders and theologians would be a top priority on his agenda. "Our (generation) is over 70. Bishop Ding (Guangxun of TSPM) is approaching 80 ... so we have to bring up a new generation from the 50's."

"And I foresee that the leadership situation may not be much better in five years' time. But after that, they can get much more experienced and will be much more mature. I am very optimistic for the future, for the young people," the General Secretary said.

"I don't want to do too much day-to-day work. I will talk to the young leaders, the young colleagues to give them the freedom to develop their talents."

But Dr. Han admitted that there was a limit to what the CCC can do in dealing with conflicts between the Nanjing headquarters and its regional branches. "Well, according to our Constitution, the CCC is a serving body, (we are) not like the Pope. But in our Constitution, it is said that the provincial level, the local level of the council should implement the resolutions of the CCC. They are obliged to," he explained.

"We won't remove them (regional CCC officials). We will (persuade them) through consultation. Not much so far, but we have the Commission of Church and Administration which is to take responsibility in seeking solutions of the problems which have emerged within the church."

The General Secretary blamed foreign media for exaggerating the conflicts, and said that publicity often complicated the problems and made mediation more difficult. He appreciated efforts by Christians abroad in supporting their brothers and sisters in China but feared that over-zealousness could backfire.

Although it was not forbidden for overseas church groups to have direct contact with regional churches in China, Dr. Han said it would be better if the Nanjing headquarters were informed beforehand. "We are grateful to Christians in Hong Kong that you have taken on the burden for Christians in China. But do it in a proper way. Good deeds must be done well, don't ruin them," he said.

How does Dr. Han face the accusation that he was a party member? "Once, my friend from the United States asked why I won't respond, I said no, no, I won't respond because if I respond, it will take up too much of my time and energy then I said fine, after all, they are not the final judges. We just do the work," he said.

XINHUA on Beijing's Firm Anti-Drug Stand

OW2412021194 Beijing XINHUA in English 0119
GMT 24 Dec 94

[FBIS Transcribed Text] Beijing, December 24 (XINHUA)—The Chinese sports authorities have been strictly opposing the use of banned substances in sports competition and have severely punished the offenders.

A total of 11 athletes tested positive at the Hiroshima Asian Games, and after an investigation, the Chinese Associations concerned have imposed penalties to the 11 athletes according to the rules of international federations.

It was the first step the Chinese Olympic Committee (COC) took in dealing with the matter. COC has also set up a three-man panel to make a thorough investigation to get to the bottom of the case.

In a series of articles published in the past three days, the CHINA SPORTS DAILY stressed that China would continue to take its firm stand against drug taking.

In a commentary on Wednesday, the newspaper said as early as China first came back to the international sports stage in late 1970s, China had made it clear that it strongly opposed the use of performance-enhancing drugs.

In 1989, the COC adopted an anti-doping policy of "strict prohibition strict testing and severe punishment", and has since followed the policy.

In the same year, the China Doping Control Center was set up and approved by the IOC. In 1992, the COC established an anti-doping commission.

Yang Tianle, Director of the Doping Control Center, said that his center began tests on athletes in 1990. It made 1,203 tests in 1992 and the number increased to 1,608 in 1993, involving athletes in 28 sports. From 1992 on, the laboratory began to make random tests. The out-of-competition tests increased to 315 in 1993 from 200 in 1992.

He said in 1993 the center found 24 athletes tested positive, including world stars, and they were all punished for failing the tests. "The facts show that the COC has been very serious towards the anti-doping problem.

The newspaper noted that despite the strict prohibition and severe punishment, some athletes in China still took the risk to use banned drugs in competition. The 11 athletes who were tested positive during the Asian Games should be blamed and deserve their punishment.

It said that doping was a problem in China as elsewhere in the world. But the use of stimulants in China was on an individual basis. The achievements of tens of thousands of athletes can not be denied.

The COC has requested all national sports associations to strictly follow the rules against the use of drugs, and will cooperate with the international sports federations, the national Olympic committees and the authorities in fighting against doping in sports competitions.

Customs Cracks Down on Pornography

HK2712092394 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 13 Dec 94 p 3

[Report by Ji Xiaolei (1323 2556 4320): "Customs Scores Marked Achievements in 'Wiping Out Pornography and Illegal Publications'"]

[FBIS Translated Text] Beijing, 12 Dec [RENMIN RIBAO]—Custom officers across the country have adopted forceful measures, vigorously cooperated with the nationwide work on "wiping out pornography and illegal publications," and scored marked successes in checking the "source of pornography" at the Customs check points. According to incomplete statistics, Customs has found more than 104,000 reactionary and erotic printed materials and video products over the past two months.

In April and August of this year, the Guangdong Shanmei Customs cracked two major cases of pornographic publications and playing cards smuggling, found 67,700 copies of reactionary and erotic publications and 62,160 sets of playing cards (see 9 December edition of RENMIN RIBAO for more details). On 23 September, the Harbin Customs discovered 84 kinds and 3,692 copies of reactionary and erotic publications from among the books imported by a Heilongjiang company from Hong Kong.

In view of the continually new means adopted by the lawless elements in producing and trading "pornographic materials," the Customs at all localities strictly guard the pass and block the sources of pornography. In a food parcel mailed from Japan to China on 27 September, Beijing Customs found two erotic video cassettes between boxes of popcorn. On 28 September, Guangzhou Customs also found a CD rom disc, which carried 478 nude pictures, in a parcel.

On 15 November, the Jiuzhou Customs Office under the Gongbei Customs cracked a smuggling case, which hid 31 boxes of brand new erotic video tapes in imported goods. Tianjin Customs found erotic video cassettes on numerous occasions packed in foil paper and hidden in passengers' luggage and sewed in shoulder pads. A few days ago, Customs also discovered large amounts of computer software discs in a visitor's luggage. Through examination, they found pornographic materials in 18 software discs. The software could print color copies through the computer, which would cause great harm if they were distributed.

According to an account given by a Customs official, Customs will generally destroy all such materials discovered and fine the relevant personnel involved in light of the seriousness of the case. If the case is grave, they will be handed over to the judicial organs.

Reportedly, Customs at all localities have attached great importance to conducting political and vocational education among relevant staff on "wiping out pornographic and illegal publications." They have also assigned staff who are politically and professionally qualified to take charge of examining printed materials and video products.

State Plans To Urbanize Small Towns

HK2712061294 Beijing CHINA DAILY in English 27 Dec 94 p 1

[By Yang Yingshi: "3,000 New Towns To Enhance Efficiency"]

[FBIS Transcribed Text] The central government plans to expand and renovate more than 3,000 townships by the year 2000 in a major effort to develop small towns.

The Ministry of Construction has selected more than 500 townships to serve as a pilot project, introducing scientific planning and management in their urban development projects.

The ministry will advise the towns on properly constructing houses, roads, public facilities, and environmental protection systems.

The move is part of a long-term drive to urbanize the sprawling townships which have crept up across the country in the past decade as farmers earned more money and began to set up industrial enterprises.

The new efforts will focus on re-developing thousands of rural townships, whose rapid growth was marred by the lack of sound design and inefficient management.

The new plan has won support from six State ministries and commissions, according to Zheng Kunsheng, director of the Ministry of Construction's Village and Town Construction Department.

This construction must be in step with the social development of different areas, and each eligible county is

encouraged to speed up work on one or two model towns in its own territory, Zheng said.

In better-developed coastal provinces, six rural counties will pioneer the urbanization campaign: Haicheng in Liaoning, Rongcheng in Shandong, Wuxi in Jiangsu, Shaoxing in Zhejiang, Fuqing in Fujian, and Shunde in Guangdong.

In Central and North China where most of the nation's farmers live, the state will concentrate on three regions.

In the Beijing-Tianjin-Tanggu region, where farmers are relatively well-off, small towns will be built mainly to serve the big cities, including the capital.

Nanyang in Henan and Xiangfan in Hubei were selected to move away from their traditional role as a grain producer to a more industrial-style economic base.

And in the Northeast—Heilongjiang, Jilin and Liaoning Provinces—some small towns will be built as trading centres.

However, in the economically backward areas, like West China, the provinces and regions are encouraged to set up small towns with regional characteristics. The towns may focus on border trade, commerce, tourism or rural industry, Zheng noted.

To date there are 15,000 small towns in China.

Lack of Resources Hampers Polio Eradication

HK2412064694 Hong Kong EASTERN EXPRESS in English 24 Dec 94 p 4

[By Christina Wong]

[FBIS Transcribed Text] China's attempts to eradicate polio by the end of next year are being held back by a lack of resources. The vice-minister of public health, Dr. He Jiesheng, said the country lacked the resources to wage a full battle against the disease. "We can only produce 300 million vaccines, though the existing demand is 400 million," she said.

The country is also short of funds to import more expensive foreign-made vaccines. Aggravating the problem is an acute demand for vaccine-transport facilities.

The doctor, who is in Hong Kong with the United Nations Children's Emergency Fund (Unicef), said vaccinations cost about 4.96 renminbi (HK\$4.52) a child. She added that the lack of money could deter immediate action for medical checks and the collection of human-waste samples and treatment of polio in border areas and districts of poverty.

Next year has been set as the deadline for eradicating polio, but He said a large number of vaccinations will still have to be done after the year finishes. China stepped up its fight against polio last December by vaccinating all children under the age of four.

No new cases of polio have been found in Beijing, Shanghai or Tianjin. But some other provinces including Guangdong, Guangxi, Guizhou, Fujian and Hunan, still have traces of the disease. The incidence of polio has declined from 1,926 cases in 1991, to 1,191 cases in 1992 and 653 cases in 1993. This year, up to October, authorities had recorded only 131 polio cases, which is a 43 percent decrease compared with the same period in 1993.

70% of AIDS Cases 'Intravenous Drug Addicts'

HK2712071594 Hong Kong SOUTH CHINA MORNING POST in English 27 Dec 94 p 6

[By Chan Wai-Fong: "70 pc of AIDS Cases 'Are Drug Addicts'"]

[FBIS Transcribed Text] Seventy per cent of people testing positive for AIDS in China are intravenous drug addicts who share needles, a senior medical official said.

Wang Zhao, deputy director of the Diseases Control Department of the Ministry of Health, said most of the cases were found in the southwestern border area of Yunnan.

Ms. Wang was in Hong Kong at the weekend for United Nations Children's Fund (Unicef) fund-raising activities for China's campaign to eradicate polio.

AIDS remains a highly sensitive subject in China, where public awareness of how HIV is transmitted is low, and most Chinese still believe the disease attacks only foreigners.

According to latest government statistics, 1,435 people have tested positive for HIV, and 40 of them have full-blown AIDS.

But scientists and other experts believe the number of victims is probably higher. As many as 40,000 Chinese are estimated to have been infected.

Mainland medical officials have blamed the spreading of the disease in China on its open-door policy, since prostitution, drug abuse and sexually transmitted diseases were almost wiped out before the late 1970's.

Ms. Wang admitted the number of AIDS victims in China was increasing—a trend which had caused "considerable worries".

While 70 per cent of the victims were drug addicts, Ms. Wang said the remainder caught the disease mainly through sexual contacts.

They included foreigners and Chinese who became infected while working overseas.

But experts said the figures might fail to reflect reality because only foreigners, drug users and Chinese who have worked overseas are tested in large numbers in mandatory screenings in China.

A different picture was presented by researchers at the Beijing Union Medical University, China's top medical college, at a recent AIDS conference.

They said 51 per cent of China's AIDS victims were in their twenties and increasing sexual contact was leading to the spread of the virus.

They called for more publicity about the dangers of AIDS.

Girls' Primary School Enrollment Rate Rises

HK2712061694 Beijing CHINA DAILY in English 27 Dec 94 p 2

[By Xu Yang: "Girls Get Help To Stay in School"]

[FBIS Transcribed Text] When the new school term was about to begin, fourth-grader Yu Guozhen was told by her parents that she could not attend school like other children.

The little girl from Luquan County, Yunnan Province, was supposed to look after her new brother, for whose birth the family had paid a stiff fine.

But one month later, Yu reappeared in the classroom, with the help of the Spring Bud Plan, a charity that helps poor girls complete their primary education.

Thousands of such small victories in China's battle against poverty and poverty-related ignorance helped push the primary school enrolment rate for girls up 3.2 percentage points from 1986 to 96.8 per cent in 1993.

Girls accounted for 66 per cent of children not in school in 1993, down from 81 per cent in 1990, according to figures from the State Education Commission.

Some 23 of 30 provinces, municipalities and autonomous regions have managed to raised the girls' enrollment rate to at least 96 per cent.

Since the non-governmental donation-funded project was started five years ago, Bud has aided 30,000 rural girls in remote villages.

Bud's sponsor, the China Children and Teenagers Fund, plans to help 50,000 girls by the end of the 1995—the U.N. women's year.

Girls' education is key to the achievement of China's goal of universal nine-year compulsory education by the century's end since girls account for about 80 per cent of the annual 1 million pupils who leave primary school either of poverty or of prejudice against women.

Science & Technology

Jiang Zemin Urges Development of Soft Science

OW2512022094 Beijing XINHUA in English 0133 GMT 25 Dec 94

[FBIS Transcribed Text] Beijing, December 24 (XINHUA)—General Secretary of the Chinese Communist

Party (CPC) Central Committee and President Jiang Zemin urged today more efforts to step up the development of soft science.

Jiang met with delegates attending an ongoing national working conference on soft science at the Great Hall of the People this morning.

As part of modern science and technology, the soft science has experienced a fast development, Jiang said.

To step up the development of China's soft science, he noted, the Chinese scientists must have a good command of a wide range of knowledge in engineering and natural, social sciences, and guide their research work with the theory of building socialism with Chinese characteristics put forward by Deng Xiaoping.

The president said that promoted by the central authorities, China's soft scientific research has become a key link in the decision-making and provided in good time the scientific basis for decision making of the CPC Central Committee and the central government.

He hoped that the workers engaged in research of soft science to go deep into the realities of life and make greater contributions to the nation's economic construction and social development.

Other leading officials of the Party and government attended today's meeting including Wen Jiabao, member of the Secretariat of the CPC Central Committee and Wu Jieping, vice-chairman of the Standing Committee of the National People's Congress.

Song Jian Outlines Plan for High-Technology

HK2312144994 Beijing ZHONGGUO XINWEN SHE in English 1152 GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (CNS)—State Councillor and Director of the State Science and Technology Commission, Mr. Song Jian, said at a prize-awarding ceremony for China's entrepreneurs in scientific and technological sector today that it was of great significance for China to greatly develop high-tech and advanced industry, for it can help speed up the adjustment of China's industrial structure and enhance China's economic strength and the national power. China would place emphasis on the following four undertakings in the coming years:

- The high-tech and advanced industry should be greatly developed based on the developing tendency of the international high-tech and advanced industry and the current scientific and technological as well as material basis in China, striving to form a group of new pillar industries each with production value of dozens of billion renminbi and to have a sizable share in both domestic and overseas markets by the end of this century.
- Priority should be given to upgrading of products and technology of major enterprises as well as technological upgrading of traditional industries. The country-level advanced and high-tech industrial development

zones should be greatly promoted in order to form a large number of major enterprises which are able to produce and sell high-tech products by the end of this century.

- A batch of advanced and high-tech enterprises or enterprise groups with annual production value of more than RMB 100 million [renminbi], RMB one billion or RMB 10 billion will be fostered by the end of this century; per capita productivity will strive for more than RMB 300,000. These enterprises should lead the country in setting up the modern enterprise system and become a main force in competing in the international market.

- Production value of high-tech industries and the ratio of such production value to GDP should be greatly enhanced so as to make high-tech industries to earn more foreign currency.

Mr. Song also called for training a number of entrepreneurs equipped with modern scientific and technological knowledge, management experience, long-term point of view and reforming spirit.

Urges Developing Consulting Sector

OW2612180994 Beijing XINHUA Domestic Service in Chinese 1123 GMT 24 Dec 94

[By reporter Yang Ning (2799 1337) and correspondent Hu Jie (5170 2638)]

[FBIS Translated Text] Beijing, 24 Dec (XINHUA)—A three-day national soft science work conference ended in Beijing today. Song Jian, state councillor and minister in charge of the State Science and Technology Commission, pointed to the need for vigorously promoting the development of China's consulting industry.

Song Jian said: Soft science is a new branch of science. People engaged in soft science should foster a sense of historical mission that requires them to put China's policymaking procedures regarding reform and development on a scientific footing and on the right track through the application of the extensive modern scientific system and advanced technological means, as well as to nurture a sense of democratic and scientific policymaking in all segments of society so as to propel the Chinese nation from the realm of necessity into the realm of freedom. He urged leading bodies at all levels to make policy decisions in accordance with scientific policymaking procedures; to fully recognize the need for and the importance of consultation concerning policy decisions; to institute a policymaking mechanism that involves leaders, experts, and the masses; and to improve various specific rules and regulations. Song Jian said emphatically: We should accomplish three major historical missions in soft science under the guidance of the two major themes of reform and development: serving the need to establish and achieve the national goal of building socialism with Chinese characteristics, serving the need to establish and improve the socialist

market economic system, and serving the need to liberate and develop productive forces to the maximum.

Song Jian specifically addressed the need to vigorously promote the development of China's consulting industry. He said: In the new situation, the scientific and technological community faces the important task of vigorously developing the consulting industry. This is a pressing requirement for various endeavors, such as developing the market economy, nurturing new industries, deepening enterprise reform, restructuring industries, and strengthening infrastructure construction. China should henceforth gradually shift the focus of soft science to nurturing and developing a scientific and technological consulting industry. To achieve this goal, governments at all levels and scientific and technological departments should include the cultivation of a consulting industry, also known as the tertiary industry in science and technology, in their agendas of important tasks. They should give full rein to the roles of consulting agencies in serving policymaking needs as intermediary bodies, and in advising industries and enterprises, as an important means of compensating for any shortcomings associated with the reform of administrative organs and the transformation of government functions.

Song Jian said: Developing the consulting industry is a completely new undertaking. By summing up China's successful experience and by drawing on useful foreign practices, we should boldly explore ways to develop this industry, put them into practice, and chart a course with Chinese characteristics for developing the consulting industry by deepening reform and opening up wider.

First Air Show Opens; Li Peng Inscribes

OW2312140894 Beijing XINHUA in English 1152 GMT 23 Dec 94

[FBIS Transcribed Text] Guangzhou, December 23 (XINHUA)—China's first air show opened here today.

During the two-month-long event, a large number of Chinese and foreign aviation projects will be displayed, including aircraft, missiles, radars, rockets, and a 17-meter-long model aircraft carrier.

There will also be aero-sports events, aviation knowledge quizzes and an exhibition of creations by young aviation lovers.

The show is jointly sponsored by the Guangzhou city government and the China Aviation Society.

Premier Li Peng wrote an inscription for the event.

Launch of AsiaSat 2 Postponed Until Jun '95

OW2312134994 Beijing XINHUA in English 1319 GMT 23 Dec 94

[FBIS Transcribed Text] Hong Kong, December 23 (XINHUA)—The Hong Kong-based Asia Satellite Telecommunications Co. Ltd (AsiaSat) announced today

that the launch schedule of AsiaSat 2 would be revised to next June, anticipating an in service date in August 1995.

AsiaSat 2, the second satellite of the company, was originally planned to be launched early 1995 by China Great Wall Industry Corporation aboard a Long March 2E Rocket.

Commenting on the revision of schedule, Mr. Peter Jackson, Chief Executive Officer of AsiaSat said, "following the failure of AT&T Telstar 402 satellite in September, we are waiting for the investigation report which is due to be completed in January, to decide on whether modifications to AsiaSat 2's design meet the highest standard of quality and reliability."

Built by Martin Marietta Astro Space of the United States, both AsiaSat 2 and Telstar 402 are MM7000 series satellites with identical propulsion system. The investigation report on Telstar 402's failure will recommend any possible corrective modifications required to mitigate operational risks to AsiaSat 2.

The satellite is equipped with 24 C-band, of which twenty are 36 MHz and four are 72 MHz, and nine 54 MHz Ku-band linearized transponders.

Each high powered C-band transponder radiating RF power of 55 watts allow TV signals to be received by dishes as small as 1.5 meters.

AsiaSat is designed to provide the widest, high powered coverage over the Asian Pacific region. Its powerful C-band footprint extends from Tokyo to Turkey and south to Jakarta and Australia, reaching the India sub-continent, the middle East and Eastern Europe.

Embracing over 53 countries within its footprint, AsiaSat will serve a population of 3.3 billion people, accounting for over 60 percent of the world's population.

The company's first satellite, AsiaSat 1 launched in 1990, is now serving broadcasters such as Star TV, CCTV of China, Guizhou TV, Pakistan TV, Myanmar TV and Mongolian TV, and other telecom users throughout the region.

Military

Article Stresses Deng's Thinking on Army Building

HK2712061894 Beijing RENMIN RIBAO in Chinese 17 Dec 94 p 5

[Article by Ke Wen (2688 2429): "Persist With the Guidance Position of Deng Xiaoping's Thinking on Army Building in the New Period"]

[FBIS Translated Text] Comrade Jiang Zemin indicated: "Comrade Xiaoping's thinking on army building during the new period is the offspring of Mao Zedong military thinking and the actual conditions of our army building

during the new period as well as an important component of the theory on building socialism with Chinese characteristics. It reflects the basic law governing army building during the new period, and is the basic ground and guiding thinking for doing a good job of army building and reform under new historical conditions." This precisely expounds the guidance position of Deng Xiaoping's thinking on army building during the new period.

Deng Xiaoping's thinking on army building during the new period is the offspring of Mao Zedong military thinking and the actual conditions of our army building during the new period. Mao Zedong military thinking is the offspring of Marxist military doctrines and the practice of China's revolutionary military struggles, a system of military science that embraces all fine military thinking, ancient and modern, Chinese and foreign, and a magic weapon for our army building and overcoming the enemy. At the same time, Mao Zedong military thinking must be adhered to and developed in practice. Comrade Jiang Zemin indicated that since the 1970's, Comrade Deng Xiaoping had made a series of scientific discussions on the issue of war and peace in the world today, the strategy and principle for active defense, and the implementation of the people's war under modern condition with an acute strategic eye, the scientific truth-seeking attitude, and courage and resourcefulness, and systematically set out the goals, tasks, and principles for army building during the new period. Among them, the new judgment that a world war can be postponed and even avoided; the thinking of implementing strategic change in the guiding idea of national defense and army building; the thinking that army building in the new period must focus on modernization; the thinking of elevating education and training to a strategic position; the thinking of shifting the focus of attention from quantity to quality in army structure and establishment; the thinking of the new contents and requirements on political and ideological work; and the thinking of bringing up qualified people for both military and civilian purposes; all this has answered and resolved a series of major issues on building a modern, regular and revolutionary army with Chinese characteristics under the new historical conditions, thus inheriting and developing Mao Zedong military thinking with originality. In this sense, Deng Xiaoping's thinking of army building during the new period is precisely Mao Zedong Thought military thinking during the new period. To adhere to and develop Mao Zedong military thinking under the new historical conditions, the PLA must study and implement Deng Xiaoping's thinking of army building during the new period with no discount.

Deng Xiaoping's thinking of army building during the new period is an important component of the theory of building socialism with Chinese characteristics, and the embodiment of the theory on building socialism with Chinese characteristics in the military arena. The two are related between the part and the whole, with internal links and oneness. For example, the strategic change in

the guiding idea of our army building during the new period derives from the shift of focus from party and state work; the building of a modern, regular and revolutionary army that centers around modernization is the inevitable requirement on the military arena by the thinking of taking economic construction as the center in China; army reform and consolidation is an important aspect of China's political and economic restructuring; improving the army's combating effectiveness is an extension of the concept of developing comprehensive national strength as well as a social productive force. Such being the case, while establishing the guidance position of the theory on building socialism with Chinese characteristics in the whole party, the 14th Party Congress required the imperativeness of the whole army "to take the road of selected troops with Chinese characteristics in line with Comrade Deng Xiaoping's thinking of army building during the new period, and building the PLA into a mighty, modern, regular, revolutionary army."

Deng Xiaoping's thinking of army building during the new period is a scientific theory that reflects the basic law governing our army building during the new period. For example, the discussions on implementing the strategic change in the guiding idea in army building; army building in a comprehensive way with modernization as the center; augmenting our army's political building to insure the party's absolute leadership over the army and the army being always qualified politically; placing education and training on a strategic position, working hard to elevate the army's combating effectiveness; complying with the development of national strength to accelerate modernization of weaponry and equipment; building a scientific structure and establishment as well as a complete and perfect system of laws and regulations; attaching importance and augmenting modernization of rear supply and so forth; all this has revealed the objective law that governs the building of a modern army with Chinese characteristics from various aspects, in addition, provided us with a stand, views and methods to correctly understand and resolve the issues of army building and military struggle during the new period, and has been the guiding thinking for the PLA to have scored tremendous accomplishments in safeguarding national security and augmenting the building of a revolutionary, modern and regular army over the past dozen of years.

RENMIN RIBAO Welcomes Song Renqiong Memoirs

HK2712150494 Beijing RENMIN RIBAO in Chinese
23 Dec 94 p 3

[Article by Liu Huaqing (0491 5478 3237): "Congratulations on Publishing of Song Renqiong's Memoirs"]

[FBIS Translated Text] The *Memoirs of Song Renqiong* have been published. This is an event worthy of congratulations. I began to read the book as soon as I received it. During the Anti-Japanese War, I began working under

the leadership of Comrade Song Renqiong whom we all habitually called Commissar Song.

Comrade Song Renqiong is a proletarian revolutionary of noble character and high prestige. He joined the CPC in 1926 and held important leading posts in the party, state, and in the Army over a long period of time. His extremely unusual revolutionary experience was closely linked with the history of struggle of our party and our Army. The authentic record and summing-up of his experience, both positive and negative, not only gives a representation of Comrade Song Renqiong's personal fighting career but also reflects the hard struggle history of our party and our Army. The memoirs are another contribution made by Comrade Song Renqiong in his later years.

Comrade Song Renqiong was engaged in military work for nearly 30 years and was responsible for military command and political-ideological work for a long time. During the fighting days in Jinggangshan, he was first a party representative in a combat company. He then became political commissar of a regiment, a division, an army, a military district, a column, and an army corps and then he was a deputy political commissar of a field army. After that he was an outstanding leading cadre of our Army responsible for political work and made major contributions to the Army's political building. In his revolutionary practice over a long time, he accumulated rich experience in doing political and ideological work. The *Memoirs of Song Renqiong* provide a lively and concrete account of how this Army conducted effective political and ideological work in the light of the concrete conditions in reality and thus effectively guaranteed the fulfillment of the central task of the party and the Army in the different stages before and after the founding of the PRC. The account was written on the basis of the author's profound thoughts about the Army's political and ideological work. So, it will not only help sum up this Army's historical experience but will also play a significant role in promoting our current efforts to keep and carry forward the fine tradition of our party and this Army under the new situation and further strengthen the political and ideological work among the troops.

In 1956, Comrade Song Renqiong was transferred away from military posts and was successively appointed to be minister of the Third Machine-building Industry Ministry and the Second Machine-Building Industry Ministry and secretary of the CPC Central Bureau in Northeast China. He continued to make major contributions in these posts and a detailed account is included in the memoirs.

Comrade Song Renqiong assumed a scientific attitude of historical materialism in writing the memoirs, which cover his work experience during a number of different historical periods and authentically records many important events between the 1920's and the 1960's. There is rich historical material and detailed accounts of historical facts. This was the fruit of the authors' hard work

and painstaking effort. With the book now officially published, I particularly once again express my warm congratulations to the author and recommend this good book to the vast reading masses, especially comrades in the armed forces.

Economic & Agricultural

Jiang Zemin, Li Peng Address Development Zone Forum

OW2512031994 Beijing XINHUA in English 0256
GMT 25 Dec 94

[FBIS Transcribed Text] Tianjin, December 24 (XINHUA)—Chinese leaders today called for building more first-class development zones to contribute to current reform, opening up and a sustained, fast and healthy development of national economy.

In his message sent to an ongoing national forum on economic and technological development zones held here, Premier Li Peng hailed the great achievements China has made in building development zones over the past decade.

The forum opened on December 22 in this north China's port city of Tianjin and Government leaders and leading officials from 32 development zones approved by the State Council attended the meeting, which closed today.

Li said that in stepping up the construction of economic and technological development zones, emphasis should be placed on continuing to perfect the overall investment environment and optimizing the industrial structures.

And efforts should be focused on promotion of scientific progress, further improvement of operation and management, and enhancement of the self-contained quality of the existing development zones in order to blaze a new trail with Chinese characteristics in building economic development zones.

Vice-Premier Li Lanqing spoke at the meeting today, saying that a decade ago, the Chinese government had decided to open 14 coastal port cities and build China's first batch of development zones.

Most of these development zones have embarked on the road of expanding foreign investment, enhancing export-oriented product structure and developing new and high technology, and have begun to enter a harvesting season, the vice-premier said.

China has now 32 economic development zones approved by the State Council throughout the country including the central and western economic areas.

The vice-premier said these development zones have now played a leading role in attracting foreign funds and developing an export-oriented economy.

According to a recent survey, by the end of 1993, China had approved 6,211 foreign-funded joint ventures in the

16 coastal economic and technological development zones, with use of foreign funds totalling 4.7 billion U.S. dollars.

However, the vice-premier noted, the development of the zones is uneven and there much needs to improve in the investment environment.

Facing the fierce international challenge in the 21st century, China's development zones have to rely mainly on the scientific progress and advanced management, rather than the preferential policies, Li Lanqing stressed.

In order to optimize the industrial structure of the development zones, the vice-premier said, efforts should be redoubled to reinforce the capital and technology intensive industries, particularly the promising high-tech projects.

The development of the economic zones should not rely on expanding the use of land, especially arable land, but on increasing economic gains, he said.

Li Lanqing said full play should be given to the experimenting and radiating role of the economic zones in order to boost the development of China's central and western areas. Those of labor intensive industries should be shifted to the underdevelopment areas to narrow the gap between the central and western and coastal areas.

Close attention should be paid to improving the investment climate by building a socialist market economy and the macro control over the development zones should also be strengthened, he added.

Accompanied by the local officials, the vice-premier made an inspection over factories, markets and research center in Tianjin from December 22 to 24.

Li Peng Inaugurates Gezhouba Engineering Group

*OW2312133494 Beijing Central Television Program
One Network in Mandarin 1100 GMT 16 Dec 94*

[Announcer-read report over video; from the "National News Hookup" program]

[FBIS Translated Text] The Gezhouba Water Resources and Hydropower Engineering Group Company, the first engineering construction enterprise group, was inaugurated on the morning of 14 December.

Li Peng, Standing Committee member of the CPC Central Committee Political Bureau and State Council premier, unveiled the company's signboard, lauding the company as the first-rate enterprise group staffed with top-notch personnel.

The Gezhouba Group Company's predecessor was the Gezhouba Engineering Bureau, the builder of the Gezhouba water-control project and participant in the construction of key state projects in Hubei's Geheyan and Yunnan's Mantan. In May 1984 it stepped forward to undertake the task of preparing for the early-stage construction of the Three Gorges Project, laying a solid

foundation for the formal launching of the construction of the Three Gorges' main body.

Zou Jiahua Addresses Meeting on Labor Law

*OW2312131994 Beijing XINHUA Domestic Service in
Chinese 1103 GMT 16 Dec 94*

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Transcribed Text] Beijing, December 16 (XINHUA)—At today's national television-telephone meeting on earnestly implementing the "Labor Law," Vice Premier Zou Jiahua pointed out emphatically: Leading comrades of various localities and departments should proceed with party's and nation's work in perspective, fully understand the significance of implementing the "Labor Law," and take a firm stand to earnestly make arrangements for implementing the "Labor Law." Under the government's unified leadership, relevant departments should coordinate with each other and make a success of the task together.

Zou Jiahua said: "The Labor Law of the PRC," promulgated by the National People's Congress Standing Committee, will be implemented from 1 January 1995. The "Labor Law" is of great importance in the legal system of a socialist market economy. Implementation of the "Labor Law" not only concerns the masses of workers' interests, but reform and development as well, and social stability in particular. The law, whose aim is to protect workers' legitimate rights, has detailed stipulations on safeguarding workers' working rights, adjusting labor relations, labor standards, norms on labor conducts, and the handling of labor disputes. With such a basic law which adjusts labor relations and regulates labor conducts in an all-round manner, we can include adjustment of labor relations, protection of workers' rights, employment, social insurance, and safety in production into the legal system. Therefore, promulgating the "Labor Law" is an important matter in China's social, political, economic lives.

Speaking of next year's main tasks in implementing the "Labor Law," Zou Jiahua said: 1995 will be the first year to carry out the law. In implementing the law, various localities and departments should grasp the key points, achieve effectiveness, and lay a solid foundation for implementing the law in an all-round manner across China. Next year's key tasks in implementing the law are: First, we should promote reform of state-owned enterprises through implementing the law. Localities and departments should actively reform enterprise workers' wages and social insurance systems, deepen enterprise reform, and establish a modern enterprise system, as required by the "Labor Law."

Second, we should truly safeguard workers' legitimate rights according to the "Labor Law," so as to decrease violations of workers' rights by a large margin. Localities and departments should organize law enforcement inspection and intensify law enforcement. In particular,

we should investigate and handle severe violations of workers' rights according to law. Third, we should establish the labor contract and minimum-wage systems as stipulated in the "Labor Law." To carry out this reform, we should have a rather extensive mass and work base. Since the State Council promulgated four interim regulations on reforming the labor system in 1986, at present, more than 4.5 million workers nationwide have signed labor contracts or are under contract management system. Reality shows that this new system has been widely accepted by the masses of workers.

In implementing the labor contract system, we may take localities' realities into account and take various steps to implement the system. Implementation of the labor contract system is the core of implementing the "Labor Law," we should seize the opportunity and set up the system as soon as possible. In 1995, 80 percent of workers nationwide will have signed the contract and all workers will do so by the end of 1996.

Regarding the implementation of the "Labor Law" as a major task of government and relevant departments at all levels, Zou Jiahua said: Party and government leaders at all levels should make implementing the "Labor Law" a key task in promoting reform and maintaining stability; intensify publicity and publicize the "Labor Law" extensively, penetratingly, and persistently; strengthen inspection and supervision over implementation of the "Labor Law;" speed up legislation that supports the "Labor Law;" proceed from reality; resolve contradictions and problems cropping up in the course of implementation in a timely manner; and promote social stability.

In conclusion, Zou Jiahua pointed out emphatically: We should earnestly carry out the principle of "safety first, prevention first" according to the "Labor Law" to truly make a success of production safety. Lately, the situation of safety in production across China is relatively grim. Major large accidents have occurred frequently. In the process of implementing the "Labor Law" we should urge leaders at all levels to attach great importance to production safety, exercise comprehensive management over work related to production safety, do a good job in basic management, eliminate accidents and remove hidden perils, ensure workers' health and safety, and handle those responsible for accidents seriously.

Leaders, including Wu Bangguo, Wei Jianxing, and Li Guixian, attended the meeting. Luo Gan, State Councillor and State Council Secretary General, presided over the meeting. Minister of Labor Li Boyong; Chen Qingtai, vice minister of the State Economic and Trade Commission; and Zhang Dinghua, vice chairman of the All-China Federation of Trade Unions [ACFTU] and first secretary of the ACFTU Secretariat spoke at the meeting. Leading comrades of relevant central departments in Beijing attended the television-telephone meeting's main conference venue in Beijing.

Li Lanqing Urges Self-Reliance by Investment Zones

HK2612033094 Beijing CHINA DAILY in English 26 Dec 94 p 1

[By Lu Hongyong: "State Urges Economic Zones To Be Self-Reliant"]

[FBIS Transcribed Text] Tianjin—Top State leaders have urged economic and technological development (ETD) zones to improve investment environment on their own rather than rely solely on preferential policies from the central government.

"This doesn't mean China will halt the preferential policies immediately, but it will take measures to level the playing field and usher in fair competition," Vice-Premier Li Lanqing told a forum in this port city at the weekend.

Li was responding to petitions asking the State to retain the policies, one of which stipulates ETD zones could reclaim some or all of their taxes paid to the State as funds for expansion. But that policy will expire next year.

More than 200 delegates from over 50 ETD zones, nine bonded areas and nine frontier trade zones attended the three-day forum to mark the 10th anniversary of the first ETD zones.

Premier Li Peng wrote a letter to the meeting hailing the achievements ETD zones have made since their inauguration.

Li Lanqing said 13 per cent of last year's investment in fixed assets came from foreign capital. Exports by foreign-funded enterprises made up 30 per cent of the national total.

A survey of all 16 coastal ETD zones, ending in September, showed that 6,651 foreignfunded enterprises have registered in the zones with an overall investment of \$20.6 billion.

The survey, however, was far from comprehensive. Statistics were incomplete and it did not cover ETD zones set up after 1992, according to the Office for Special Economic Zones.

Contracted foreign investment in the coastal zones has amounted to \$12.9 billion, including a real investment of about \$5 billion. Operating foreign enterprises already top 2,500.

The advantageous investment environment spurred foreign investors to sink more money in the zones, which witnessed a 17.8 per cent increase in contracted investment this year. Real investment was up by 60 per cent.

And 20 to 40 per cent of foreign-funded enterprises already in business in the coastal zones have opted to beef up their investment.

With more funds in the zones exports are also taking off. The overall export value at the 16 zones this year is estimated at \$3.5 billion.

After a decade, coastal ETD zones are now entering their peak years hoping to double their industrial output.

The Office for Special Economic Zones is upbeat about the 16 coastal ETD zones' industrial output this year.

"I reckon their industrial output this year will hit 75 billion yuan (\$8.72 billion)," said Zhao Yundong, deputy director of the office.

The coastal zones are now contributing 10 to 20 per cent of the overall industrial output in their associated cities. Some even made up half of the industrial growth of their respective cities.

Coastal ETD zones are playing an ever bigger role in attracting foreign funds as a result of their continuous improvements of transport, energy and telecommunications facilities, Li Lanqing said.

But the ETD zones should become more capital- and technology-intensive, he said, adding that labour-intensive work should head to the inland areas.

Jiang Chunyun Inspects Agriculture in Henan

OW2312140394 Beijing XINHUA Domestic Service in Chinese 1109 GMT 16 Dec 94

[By reporter Zhang Yulin (1728 3768 2651)]

[FBIS Translated Text] Zhengzhou, 16 Dec (XINHUA)—Jiang Chunyun, member of the Political Bureau and the Secretariat of the CPC Central Committee, made investigation and study in Henan Province from 11 to 16 December. During the inspection tour, he pointed out the need to wholly analyze and understand the situation of agriculture and rural economy to find out difficulties and problems, and also see the present good opportunity and favorable conditions. He called on people there to heighten their spirit, work harder, and seize the opportunity to promote agricultural production and rural economy.

Accompanied by Li Changchun, secretary of the Henan Provincial CPC Committee, Governor Ma Zhongchen and Vice Governor Li Chengyu, Jiang Chunyun inspected the situation of agricultural production and rural economy in Anyang, Xinxiang, Zhengzhou and Zhoukou; made on-the-spot inspection of irrigation projects, wheat growing condition, village and town enterprises, grain market and procurement of cotton; and visited a number of poor peasant households in Dancheng County's Baji township which suffered from a serious drought this year. During his stay in Henan, Jiang Chunyun heard work reports by comrades of the provincial party committee, the provincial government, and a number of prefectures, cities and counties. He held discussion meetings with those comrades on how to accelerate agricultural development. Jiang Chunyun

fully affirmed Henan's efforts to implement a series of important decisions of the party Central Committee and the State Council on strengthening agriculture and developing agricultural production and rural economy. He encouraged them to continue their efforts and make further achievements to ensure new progress in agricultural production and rural work.

During his inspection tour, Jiang Chunyun emphatically talked about how to seize the present good opportunity to vigorously develop agricultural production and rural economy. He said: At present, the development of agricultural production indeed has some actual problems; however, generally speaking, there are also some good opportunities and favorable conditions which are mainly due to the rapid increase of demand for agricultural products in society. As some peasants have said, now they can sell all kinds of agricultural products and sell as much as they can produce at good prices. This is a situation which they have not seen for many years. It is to be expected that with the rapid development of the national economy and the constant improvement of people's living standards, the demand for agricultural products will increase in a fast manner and the demand for higher quality products will be greater and greater. This will be a powerful motive force for promoting agricultural development. We should also see that the party Central Committee and the State Council have attached great importance to agriculture and have adopted a series of policies and measures to support agricultural development, and protect the interests and benefits of peasants. This has effectively whipped up the peasants' enthusiasm for increasing the production of grain and other agricultural products. Meanwhile, after many years of exploration, various places have clearly seen ways for developing agricultural production and rural economy, and have gained abundant experience. Material and technological foundation for developing agriculture has been strengthened and production conditions have been constantly improving. All these are favorable conditions for accelerating agricultural development.

Jiang Chunyun said: Henan is a major agricultural province, so it is all the more necessary to cherish and take advantage of the present good opportunity to give full play to its own advantages and vigorously develop agricultural production and rural economy.

Concerning how to seize the opportunity to promote the all-round development of agriculture and rural economy, Jiang Chunyun stressed that, first of all, it is necessary to correctly handle relations between increasing grain output and the development of diversified farming operations. We should actively develop diversified farming operations and village and town enterprises while ensuring a stable increase in grain production. To increase the peasants' income, we cannot simply adopt the method of reducing grain production. We must actively develop animal husbandry, processing industries, and commerce and trade. Facts have proven that

peasants can also become rich by relying on the development of crop cultivation and animal husbandry.

Peasants in Zhoukou Prefecture's Fugou County were very poor. In recent years, people in the county have developed high yield and fine quality crops with good results and have promoted animal husbandry with emphasis on cattle raising. They have not only greatly promoted agricultural production but also increased income. This year, the average per capita income of peasants in the county may reach more than 1,200 yuan, which is 476 yuan higher than the average annual per capita income of the whole prefecture. Second, it is necessary to vigorously strengthen the construction of infrastructure facilities to improve conditions for agricultural production. Natural disasters such as drought and water-logging are still great limiting factors adversely influencing agricultural production.

We must persist in developing rural infrastructure construction, building water conservancy works, planting trees, and improving low and medium yield fields to establish a good foundation for stable and high yield in agricultural production. Third, we should strengthen research in agricultural science and promote advanced technologies, actively adopt fine strains, use new planting, feeding and processing techniques, and constantly raise the quality of products while increasing output. Fourth, we should actively promote the integration of trade, industry and agriculture, and the integration of production, supply, and marketing. We should guide the peasants so they enter the market and develop commercialized agriculture according to market demand, so as to accelerate the course of agricultural modernization.

Economic Official Outlines Reform Goals for 1995
HK2412073294 Beijing CHINA DAILY in English 24 Dec 94 p 1

[By Sun Shangwu: "Nation To Highlight Reforms Next Year"]

[FBIS Transcribed Text] Economic restructuring officials plan to focus their research work next year on finance, banking, foreign exchange, market circulation and lightening the debt of State firms.

As reforms continuing for 16 years, many deep-hidden problems have been uncovered and some issues have become even more troublesome.

"To solve these problems, we should attach importance not only to mapping out the comprehensive reform arrangements, but also to seeking solutions for specific ones," said He Guanghui, Secretary of the Party Committee of the State Commission for Restructuring the Economic System (SCRES).

He told the closing session of the four-day meeting on economic restructuring that the current tax-sharing system should be improved to strengthen the control by the central government.

Next year's market circulation reform programme will cover such important commodities as grain, cotton, edible oil and chemical fertilizer.

Narrowing the development gap between coastal and inland areas will be another top task of the SCRES.

A package of pilot reforms, most of which were initiated this year, will continue to take shape nationwide.

The SCRES will be responsible for guiding 31 of the 100 State enterprises selected by the State Council to pioneer establishing modern enterprise system. The remaining firms will receive help from the State Economic and Trade Commission.

These 31 firms include the Beijing First Light Industry General Corp, Beijing Peony Electronics Group, Tianjin Automobile Corp, Guangzhou Gourmet Powder Factory and Shenzhen Goods and Materials Group.

Comprehensive pilot reforms will continue to be carried out in 18 cities and 15 counties, including Harbin, Tianjin, Ningbo, Haicheng County in Liaoning, Sichuan's Fuling County and Anhui's Xuanzhou County.

An additional 50 small rural towns have also been selected by the SCRES to spearhead agriculture reform and transferring the surplus rural labours.

To promote social security reform, SCRES will choose 20 cities next year to carry out pilot reforms on old-age pension insurance.

Minister on Key Tasks in Implementing Labor Law

OW2312132094 Beijing XINHUA Domestic Service in Chinese 0955 GMT 17 Dec 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 17 Dec (XINHUA)—In a recent speech on next year's key tasks for labor departments nationwide in connection with the implementation of the "Labor Law," Labor Minister Li Boyong said: Labor departments at all levels should fulfill all the basic labor standards spelled out in the "Labor Law," make all-out efforts to promote the establishment of a labor contract system, and institute a sound labor supervision system so that serious infringements of workers' legitimate rights and interests will decrease noticeably.

Li Boyong said: Labor departments shoulder the most direct and important responsibility for implementing the "Labor Law." Implementation of the "Labor Law" affords an opportunity for comprehensively advancing reform of the labor system, as well as various tasks in the labor arena. It will give tremendous impetus to the protection of workers' legitimate rights and interests, the promotion of deeper reform of the labor system, and various labor-related tasks such as employment, wages, training, social insurance, production safety, labor

supervision, and the handling of labor disputes. Therefore, labor departments at all levels should consider implementation of the "Labor Law" to be of primary importance in next year's labor-related work. Implementation of the "Labor Law" will also give a strong boost to changing labor departments' functions. The "Labor Law" clearly defines the legal status of labor administrative departments, comprehensively defines and standardizes various labor-related tasks, and furnishes labor departments with such legal means exercising supervision, conducting inspections, and meting out administrative penalties. This provides a legal guarantee for various labor-related tasks. Labor departments at all levels should change their concepts and functions, perform their official duties in accordance with the law, advance reform, and strive to create new prospects for labor-related work during the course of implementing the "Labor Law."

On fulfilling all labor standards specified in the "Labor Law," Li Boyong noted: The findings of the nationwide general inspection of employment practices carried out by the Labor Ministry this year point to occasional instances of noncompliance with state-set labor standards by some areas and enterprises, such as violating state rules and regulations on work hours through the willfull extension of work hours, arbitrarily deducting wages, deliberately delaying wage payments, and failing to provide essential labor conditions and supply labor protective gear. Enterprises are directly responsible for these lapses. They should guarantee workers' legitimate rights and interests in accordance with the "Labor Law."

The number of labor disputes has increased somewhat in recent years. All localities should further intensify their efforts to arbitrate labor disputes, improve their work efficiency and quality in handling such disputes, and protect the legitimate rights and interests of both parties to a dispute in accordance with the law.

Li Boyong said: Labor supervision is crucial to the implementation of the "Labor Law." Labor departments in all localities and labor supervision bodies should actively carry out activities with regard to labor supervision and law enforcement through various means, such as making regular inspection tours for purposes of supervision, conducting special investigations into tip-offs, and carrying out general inspections of employment practices. They should resolutely remedy infractions of the "Labor Law" and punish the responsible individuals in accordance with the law. In the latter half of 1995, labor departments in all localities should carry out selective inspections under the unified arrangements of local governments to determine progress in implementing the "Labor Law" and to further such progress.

Li Boyong said: Since the "Labor Law" was promulgated, the Labor Ministry has revised existing labor rules and regulations in light of the provisions in the "Labor Law." Next year, the Labor Ministry will quicken the pace of drafting the "Law on Social Insurance," the

"Law on Production Safety," the "Law on Labor Contracts," the "Regulations On Old-Age Insurance," and the "Regulations on Unemployment Insurance."

Minister Urges Action To Boost Generating Capacity

HK2412073494 Beijing CHINA DAILY in English 24 Dec 94 p 1

[By Chang Weimin: "Power Vital to Charge Economy"]

[FBIS Transcribed Text] China's power-generating capacity this year will increase by about 11 per cent over 1993 but officials expect it still will lag behind the country's rising demand for power.

Electricity output this year will total 905 billion kilowatt-hours, up 10.93 percent. Power Minister Shi Dazhen said at a tour-day national conference opening yesterday in Beijing.

The increase, however, does not ensure sufficient supply as demand has risen sharply, particularly the demand from urban residents and commercial sectors, Shi pointed out. He was at the opening session that was attended by senior officials from all of the country's big power companies.

More average households are using air conditioners now, due to a particularly hot summer this year and the rise in residents' purchasing power.

In nearly all big and medium-sized cities, electric companies had to control supply in order to avoid accidents that could be caused by the overloading of existing, outdated transmission facilities, Shi said.

It is urgent to renovate the systems in anticipation of continual rising demand, he said.

Hydropower plants generated 168.5 billion kilowatt-hours this year while coal-fired power plants produced 723 billion kilowatt-hours, up 15.4 and 7.9 percent, respectively, over last year.

In addition, the fledgling nuclear power sector generated 13.5 billion kilowatt-hours. Shi summed up the industry's achievements this year as "remarkable," saying they have been accomplished through efforts of the industry's all 2 million employees.

He briefed those attending the meeting about the industry's major technical progress. Shi said phasic results have been achieved in the programme to link regional and provincial power grids in a national transmission network and the project on generating electricity with clean coal.

This year, the industry has installed medium-size generators with a total capacity of 10.2 million kilowatts.

Of the installed capacity, 3.18 million kilowatts come from water power and 7.05 million kilowatts from coal.

In addition nuclear power generators of 2.1 million kilowatts have been put into operation.

However, Shi warned the country will see a slump in the growth of installed power generating capacity in the coming years. Projects initiated over the past four years are far from enough.

During this time, the country's newly installed generating capacity totalled 43.5 million kilowatts. This is far from the expected 80 million kilowatts required for the country's economic development.

Building a power plant takes at least three years.

"Serious attention" must be paid to the problem, Shi said.

The minister proposed 990 billion kilowatt-hours be produced next year—a 9.4 percent rise over this year.

Shi delivered his proposals for the industry's operation next year. He said control on electricity prices will be tightened under the State Planning Commission's administration.

Statistics Bureau on New Surge in Food Prices

HK2612110194 Hong Kong AFP in English 1024 GMT
26 Dec 94

[FBIS Transcribed Text] Beijing, Dec 26 (AFP)—The price of food products in China surged again last month, the State Statistics Bureau said in a report published Monday by the China Business Times.

The cost of grain rose 61.9 percent in November compared with November 1993, it said. The year-on-year rise in October was 61.6 percent, according to State Statistics Bureau figures published by the paper.

Meat last month cost 59.3 percent more than a year earlier. The rises for vegetables, eggs, and fish products posted 46 percent, 17.6 percent and 22.1 percent rises respectively.

The only price decline was for vegetables, which were 1.3 percent cheaper compared with October.

Retail inflation is running at its highest rate since economic reforms were launched in 1979. The annual rate was 27.5 percent in November.

Trade Reform To Continue Despite Stalled GATT Talks

HK2712045594 Beijing CHINA DAILY in English 27
Dec 94 p 5

[By Wang Yong: "China Firmly In the Driving Seat Despite Gatt Stall"]

[FBIS Transcribed Text] Negotiations on China's reentry into Gatt, the General Agreement on Tariffs and Trade, may have stalled for the moment but the nation's open-door policy is still firmly in the fast-lane.

"China will continue its foreign trade reform and development according to its own schedule," said Qiu Xichun, a senior official of the Ministry of Foreign Trade and Economic Cooperation (Moftec). "We have a lot on our plates in the coming years," he told China Daily.

Those include restructuring the existing 8,000-plus, State-run foreign trade enterprises into modern companies; realizing the full convertibility of renminbi before 2000, now that the dual-rate foreign exchange system has been unified; making new market access plans, and further slashing import tariffs.

He said China is marching along its own path in foreign trade reform, which is consistent with international practice and the merits of a socialist market economy.

A landmark in the process is the implementation of China's first national foreign trade law in July which brought the country's foreign trade under a legal track.

"It's not just that we're willing to reform. It's a response to the call of our nation for economic development and openness," Qiu said.

He attributed China's fast foreign trade growth this year to the historical [as published] reform in the sector, marked by the unification of the dual-rate foreign exchange system on January 1.

"The unification has exerted positive rippling effects on China's exports, especially those from the State sector.

"State-run trade companies are no longer obliged to hand in a certain amount of foreign exchange to the State according to the old official rate," Qiu said.

That partly explains why the State-run foreign trade companies have registered their fastest growth of exports this year.

Qiu predicted that China's exports will reach \$120 billion by the year-end, leaving a whole-year surplus of about \$6 billion.

He said the unification also has rooted out the intermittent drastic fluctuations of renminbi's value seen in the past few years. The yuan's value has actually gained ground in sharp contrast to continuous depreciation in the past decade.

Despite the rapid growth of exports this year, Qiu forecast that China's foreign trade will be more balanced next year.

One reason is that the yuan's slight appreciation will put a brake to export growth—but simultaneously promoting imports.

Another reason, Qiu said, is that a considerable price hike at home has affected the competitiveness of Chinese exports.

RENMIN RIBAO Urges Improved Economic Quality

HK2612125694 Beijing RENMIN RIBAO in Chinese
18 Dec 94 p 1

[Commentator's article: "Concentrate Efforts on Quality and Efficiency of Economic Growth"]

[FBIS Translated Text] The central economic work meeting decided to regard making greater efforts to readjust the economic structure, strengthening management and promotion of technological progress, and improving the overall quality and efficiency of the national economy as a major task of economic work next year. It also regarded concentrating efforts on improving the quality and efficiency of economic growth as an important question which we must understand correctly and grasp. There is no mistaking what these tasks and demands is aimed at. Various localities and departments should thoroughly understand the spirit of the decision and seriously implement it.

Since reform and opening up began 16 years ago, and under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, China has made significant achievements in economic and social development. The national economy has grown rapidly; the comprehensive national strength has markedly increased; science, technology, and education undertakings have developed vigorously; and the people's living standards have continuously improved. We must also be aware that in the course of making progress, some contradictions and problems still exist. An important aspect is that the major form of economic growth depends on increasing input, expanding scale, and taking the road of extensive management; the input is great while the output is small; and the overall quality and efficiency of the national economy is not improving rapidly. To bring about a sustained, rapid, and healthy development of the national economy, we must change the current situation and make earnest efforts to optimize the economic structure and improve the overall economic quality and efficiency.

Economic growth should be the integration of the expansion in the quantity and scale with the improvement in quality and efficiency of the economy. The strategic policy decision of grasping opportunities to speed up development made by the central authorities demands energetically expanding the quantity and scale of the economy and, what is more, markedly improving the quality and efficiency of the economy. Only the rate of economic growth which pays attention to quality and stresses efficiency is a solid rate without exaggeration and is a rate which is up to the mark and has staying power.

At present, the general scale of the economy in China, particularly the scale of industry, is already not small. The output of many major products and the production

capacity for these products are at the forefront of the world. The change from promoting economic growth in China by mainly depending on extensive management and increase in input and projects to mainly depending on intensive management and improvement in the efficiency of production essential factors, is not only very necessary but is also entirely possible. Fundamentally speaking, it is also here that the core contents and major tasks of the strategic change in the economic development in China lie. In the past few years, the strong sense and great passion for speeding up development expressed in various aspects have been very valuable and should be fully affirmed. However, the problems of one-sidedly seeking speed and quantity and neglecting quality and efficiency are quite common and phenomena of blindly building new projects. Seeking "small but complete" and "large and complete," which go against the laws of socialized large-scale production, remain very serious. Construction funds are too widely spread and quite a lot of construction in the processing industry and infrastructure is redundant. Industrial production is developing very fast, but the readjustment of its structure is slow and such a structure is not in keeping with changes in market demands. The production scale is constantly expanding and the output value is increasing rapidly but, on the other hand, finished products are stockpiled in large quantities. Many enterprises turn out products of poor quality, their material consumption is high, their turnover of funds is slow, and losses caused by waste are shocking. At present, some important indexes which reflect economic efficiency are not only lower than the developed countries, and some of the developing countries, but they are also lower than the levels of our country in the past. If such a situation is not resolutely changed, the economic growth rate may seem to be fast but it will be difficult to raise the levels of the comprehensive national strength and modernization. It will also be difficult to gradually narrow the gap in economics and technology between China and the developed countries. Therefore, in economic construction, we must put improving quality and efficiency in a very prominent position.

Next year, and for an even longer period, the whole country should pay great attention to improving the quality and efficiency of economic growth. We should make greater efforts to readjust the production structure, strengthen enterprise management, promote technological progress, and enhance the benign cycle of the entire national economy. The key lies in improving the overall quality of the national economy and the allocation efficiency of the essential production factors of the whole society, paying attention to structural optimization efficiency, efficiency of management over a considerable scale, and technological progress efficiency. First, we must give play to the role of two means, planning and market, and energetically promote the readjustment of the production structure, product mix, and enterprise organization structure. We must pay attention to developing economy of a considerable scale and promote the

optimization of the allocation of various resources, funds, and other essential production factors. We must rationally readjust the fixed assets investment structure of the whole society. Even the investment in the basic industries and mainstay industries, which should be strengthened, should also have overall planning, should be distributed rationally, should be carried out according to our strength, should lay stress on efficiency, and should not be made everywhere indiscriminately. Second, we must give full play to the role of science and technology as the primary productive force; increase the percentage of investment in technical transformation, particularly increasing the strength in the technical transformation of large and medium enterprises and old industrial bases; speed up the application of science and technology achievements; and increase the creative strength of technology. We must practice strict economy, reduce consumption, raise the promotion of comprehensively practicing economy to the high plane of the strategy of the development of the National economy, and rationally use and save all kinds of resources. Third, we must strengthen the basic work of enterprises and raise their management level. We must earnestly strengthen the financial management, cost management, and quality management in enterprises; perfect the finance and accounting system; strictly enforce discipline in settling accounts; speed up the turnover of funds; improve management efficiency; and do a good job of turning losses into profits. Fourth, we must extensively and thoroughly conduct activities to practice economy, increase earnings, and cut spending. We must use reforms at a deeper level as the motive force to fully tap the existing potential of production and oppose extravagance and waste.

A thousand-li journey is started by taking the first step. Various localities, departments, and enterprises should enhance their understanding, proceed from their respective realities, make clear arrangements, grasp implementation, and strive to take a big step forward in improving the quality and efficiency of economic growth next year.

Bidding of Quota Rights for Exports Discussed

OW2312150194 Beijing XINHUA Domestic Service in Chinese 1117 GMT 15 Dec 94

[By reporter Jiang Jun (1203 6511)]

[FBIS Translated Text] Beijing, 15 Dec (XINHUA)—It was learned from the Ministry of Foreign Trade and Economic Cooperation that in the next year our country will expand the scope of compensatory bidding of quota rights for export commodities and will include textile products in such bidding on a trial basis.

Issuing quota licenses for some especially important export commodities is an important content in the macroeconomic control of foreign trade at the present stage in our country. Since 1 March this year, the Ministry of Foreign Trade and Economic Cooperation implemented the system of compensatory bidding of

quota rights for 13 kinds of export commodities including lumber, light (heavy) magnesium [qing (zhong) [shao mei 6535 6850 3599 9485] and ramie gauze. It has changed the past practice of making unscientific and subjective decisions on allocating quotas and achieved significant results in promoting a good order in foreign trade operation and curbing panic buying and under-selling.

It was learned that, according to experience gained and problems found in implementing the compensatory bidding of quota rights, the Ministry of Foreign Trade and Economic Cooperation has formulated unified "rules for the implementation of compensatory bidding of quota rights for export commodities." In light of the special characteristics of textile products, the ministry also formulated "rules for the implementation of compensatory bidding of quota rights for textile products." Next year's compensatory bidding of quota rights will be handled according to those rules.

A concerned person of the ministry said the new rules have included specific stipulations on inviting tenders, collection of fees, transfer of rights, issue of licenses, penalty, and operational procedures. The rules have also improved and added stipulations such as appropriately limiting the quantity of commodities in tenders submitted by enterprises, setting qualifications for bidding by enterprises, reasonably controlling average bidding price, increasing directional bidding and developing the role of local foreign trade and economic cooperation departments.

It was learned that in implementing compensatory bidding of quota rights for export commodities next year, more categories of commodities will be added and textile products will also be added on trial basis. Adding 11 kinds of commodities to this year's 13 kinds of commodities, there will be 24 kinds of commodities of which the export quota licenses will be issued through compensatory bidding. The export quotas for the 16 kinds of commodities operated by companies designated by the state and 12 kinds of fresh and frozen commodities for export to Hong Kong and Macao regions will not be allocated through compensatory bidding for the time being.

The kinds and scale of textile commodities are relatively complicated and are related to bilateral agreements. The Ministry of Foreign Trade and Economic Cooperation plans to select three highly demanded categories of textile products for compensatory bidding on trial basis at 40 percent for each category. According to an estimate, the amount for such compensatory bidding will be approximately \$380 million, accounting for about a little over 3 percent of the total export quotas for textile products.

Renminbi Exchange Rate Gains Against Dollar

OW2312141194 Beijing XINHUA in English 1139 GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—The value of Renminbi [RMB] has gained 583

points over the US dollar in less than two months as the exchange rate climbed to 1:8.4677 yesterday at Shanghai's Foreign Exchange Trading Center as against 1:8.5260 on October 31.

The supply of foreign exchange has now exceeded demand on China's currency markets, and this trend is expected to prevail throughout 1995.

Experts attributed the foreign exchange surplus to, among other things, the tight monetary and credit policy adopted by the central bank and the surplus in the country's balance of international payments.

Despite a considerable increase in bank lending this year, the total amount has been kept within the projected figure and reduced investment in fixed assets has led to a shrinking demand for import.

The import of steel, for example, is expected to decrease by 10 million tons this year from 30.26 million tons last year.

China's foreign exchange reserves have swelled to nearly 50 billion US dollars, thanks to the 23.4 billion US dollar trade surplus and the more than 3.2 billion US dollars in direct overseas investment during the first ten months of this year.

In addition, all domestic enterprises have been required to surrender their foreign exchange receipts to the state since the beginning of this year and the drain on foreign exchange has been averted.

The appreciation of RMB serves to boost the confidence of overseas investors in China's standard currency and help to promote a healthy development of China's economy, according to analysts.

'Breakthroughs' Seen in Systemic Reform

HK2312144594 Beijing ZHONGGUO XINWEN SHE
in English 1213 GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (CNS)—1994 is an important year for China in deepening its reform of systems of taxation, finance, foreign exchange and foreign trade and reform of enterprises. The country has made important breakthroughs in these aspects.

Initial but important achievements have been made in reforming its tax system. The basic framework of a new tax system (separation of tax collection by local authorities from by the central authority). Two tax-administration systems, one at the central level and another at provincial level, have been set up. The turnover tax system has been reformed greatly and value-added tax has become one of the main tax sources in the country. Different tax rates for profits and business income made by domestically-funded enterprises and for personal income have been unified. Rates of some kinds of taxes, including tax of resources, have been regulated.

The new tax system has, since its establishment a year ago, been operating normally, improving the financial situation in the country. Between January and November this year, a total financial revenue of RMB 419.5 billion [renminbi] was earned across the country, 18.9 percent up over the same period of last year.

Reform of financial system is being carried out in a stable way. The central bank's functions of stabilizing value of renminbi and of supervision and control over the financial sector have been strengthened. Three policy-oriented banks, the Development Bank of China, the Import and Export Bank of China, the Agricultural Development Bank of China have been set up one after another. Progresses have been also made in separation of banks' policy-oriented business from their commercial business. Work on shifting specialized banks into commercial ones is under way. Several financial laws and regulations, including the "Law on People's Bank of China" and the "Bank Law of the People's Republic of China," have been elaborated by the State Council and will be submitted to the Standing Committee of the National People's Congress (NPC) for examination. Malpractices in the financial sector, such as illegal inter-bank loan-issuance and unauthorized capital pooling, have been basically curbed.

The country has so far made much progresses in reforming its system of foreign exchange. It has successfully unified the dualtrack exchange rates of renminbi—one was the official rate and the other was the rate in swap markets. The practice that foreign exchange earned by enterprises was shared both by the state and enterprises themselves in proportion has been canceled. Settlement and sale of foreign exchange is being conducted through banks. Success in the above reform has created a base for the country to set up a system of floating exchange rates of renminbi which are regulated by market forces, laying a foundation for finally turning renminbi into a convertible currency. At present, the foreign exchange swap markets are operating smoothly, and the exchange rates of renminbi against foreign currencies have remained stable or even risen slightly.

The country has so far canceled its mandatory plan for foreign trade and a guide plan has been used for controlling the gross import volume, settlement of foreign exchange earned from export and foreign exchange needed for import. Administration over quota system for key imports have been strengthened. Import of specially designated goods are registered automatically. The country is continuing its efforts to regulate down its tariffs and speed up legislation for foreign trade. The reform of foreign trade system has promoted exports and curbed the blind import in the country, putting an end to the several years' unfavorable balance of foreign trade.

Reform of enterprises, though very difficult, has also been pushed forward. Various preparatory work for setting up a modern corporate system for enterprises is underway. Some effective measures for deepening such a

reform are now being taken, including the setting up of enterprise groups, the merging among enterprises, the re-organizing of enterprises through introduction of foreign and domestic investment, adjustment of enterprise structure as well as transferring of their business, auction and bankruptcy.

'Great Improvement' in Copyright Protection

*OW2712092194 Beijing XINHUA in English 0909
GMT 27 Dec 94*

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—The State Copyright Administration today declared that great improvement in copyright protection has been made this year.

A spokesman for the administration said that "large numbers of cases and culprits" have been exposed and investigated under a tightened law enforcement. But he gave no details.

He described the copyright violation of video and audio tapes as the most severe problem. "But the rampant trend has been curbed now," he said, citing dozens of illegal production lines had been closed in Beijing, Shanghai and Guangdong.

"We have also made breakthroughs in detecting sources of piracy," the official noted.

At least four coast-based electronic and entertainment companies have been charged of serious copyright violation, he confirmed.

He said that the administration has sent groups to follow up clues concerning book and computer software copyright violation cases in Guangdong, Hubei, Tianjin and Liaoning.

After complaints from two companies in the United States and Japan were filed with the administration, the violators have been punished according to international copyright conventions, he said.

In addition to that, more copyright regulations have gone into effect, including a contract and registration system for the copy of overseas audio and video materials, according to the official.

IPR Teaching Centre Planned for People's University

*HK2712050094 Beijing CHINA DAILY in English 27
Dec 94 p 3*

[Report: "Teaching Centre"]

[FBIS Transcribed Text] China will invest nearly 39 million yuan (\$4.6 million) to build the country's first teaching centre for intellectual property rights at the People's University of China in Beijing. The building complex, with a total floor space of 15,200 square metres, will be used for teaching, research and administration, China Education News reported. The People's

University of China set up a major in intellectual property rights in 1987. So far, 300 students have graduated with this major.

NPC Meeting on Draft Law on Central Bank Operation

*OW2612134994 Beijing XINHUA in English 1330
GMT 26 Dec 94*

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—The Law on People's Bank of China (PBC) should define the authority of the National People's Congress (NPC) in supervising the operation of the central bank, most participants to the 11th meeting of the Eighth NPC Standing Committee said today.

The participants, including members of the NPC standing committee and NPC deputies from the provinces, also suggested that the NPC and the State Council have tight control over the Monetary Policy Committee.

More provisions need to be added to the draft law, while the PBC ought to report on such matters as money supply and credit balance to annual sessions of the NPC, as a way to ensure that the top legislature exercise effective supervision, according to the participants.

The formulation of a rigorous supervisory mechanism for the operation of PBC is essential for State control over bank lending and money supply, widely regarded as key links in resolving the thorny problems in the national economy, they said.

As for decision on money supply and the making of monetary policies, the participants considered it necessary for the bank to report to the NPC before implementation. Some even suggested that the NPC has the final say on the annual volume of money supply.

With regard to provisions defining the functions of the Monetary Policy Committee, they said that the committee ought to monitor the central bank's operation, for example, on money supply, in addition to drawing up monetary policies.

The committee, instead of being affiliated to the bank, should be composed of figures from different quarters, so as to ensure effective supervision, according to the participants.

In addition, they suggested that government subsidies for bank losses go through strict examination of the NPC and the State Council.

SASP Tightens Control of Bankrupt State Firms

*OW2512161594 Beijing XINHUA in English 1549
GMT 25 Dec 94*

[FBIS Transcribed Text] Beijing, December 25 (XINHUA)—The State Administration of State Property (SASP) has issued a circular on strengthening the management of state property in bankrupt enterprises.

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The circular urges state-owned enterprises must hand over a detailed analysis report on bankruptcy to related state property administrative departments, and bankrupt enterprises should sell off its property with audited asset evaluation as the reserve price.

It bans the enterprises to divide property first before declaring bankruptcy so as not to cause losses in state property.

The SASP urged to strengthen examination of bankrupt state enterprises.

Those who have applied for bankruptcy must provide a detailed report on causes of the bankruptcy to the administrative departments.

The SASP also asked bankrupt enterprises to operate well in clearing by setting up of a property protection organization and carrying out inventory.

It pointed out that the role of intermediary agencies of property transfer should be brought into play in order to provide services for dealing of property in bankrupt enterprises.

By issuing information, the whole lot purchase of bankrupt firms is encouraged in the bid to reduce losses of state property.

Reporter Contends Firms Overstating Losses

OW2612170494 Beijing XINHUA Domestic Service in Chinese 2118 GMT 16 Dec 94

["Letter" by XINHUA reporter Tang Ji (3282 6060): "Why Do Enterprises Scramble To Wear the Money-Losing Hat?"]

[FBIS Translated Text] Hohhot, 17 Dec (XINHUA)—During a recent news-gathering tour of some localities, this reporter found that while some localities had worked to improve loss-making enterprises' profitability, the numbers of "loss-making" enterprises in these localities and the amounts of these enterprises' losses had increased. But, after looking further into the phenomenon, it is not difficult to find that the word "money-losing" means something else. Why has the management of those enterprises that actually have not been operating at a loss scrambled for the "loss-making" hat? The reason is that some of these enterprises, using "operating at a loss" as a pretext, have retained money for tax payments as their enterprises' circulating funds, while some others have used "operating at a loss" as a reason for asking for tax refunds from the government. Some of these enterprises have deliberately increased their operating costs so they could retain the profits; some magnified their very small "losses"; and some included in their main operating costs the expenses incurred in detaching better-off and surplus personnel and in diversifying their businesses, so as to increase the losses of their main businesses and to retain the huge profits from their side businesses as "private fund." The management of these

enterprises has a type of thinking in common: Anyway, those babies who cry get fed.

This trend of scrambling to wear the "loss-making" hat not only has directly affected the state's tax revenues but also has demoralized enterprise workers and strengthened the tendency of not striving for better performance and not endeavoring to improve enterprise management and technology. It is the opinion of this reporter that governments at all levels should place great importance on solving this problem and should not let it continue unchecked.

State To Guard Against Foreigners 'Monopolizing'

HK2312153294 Beijing ZHONGGUO XINWEN SHE in English 1408 GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (CNS)—Chinese state-owned enterprises for so long have monopolized positions in many industries, but their monopoly have been gradually taken over by foreign-funded companies. Owing to the investment and share purchasing of state-owned firms by foreign businessmen in recent years, a phenomenon has formed with foreign-funded enterprises to monopolize the market. Through checking state-owned capital, China intends to discover the drainage of state-owned assets and eliminate the conditions for foreigners in monopolizing the market, said people from economic circles.

According to statistics provided by relevant departments, for industries such as rubber tyre, beer, paper-making, washing utensils and medicine, foreign businessmen have taken the control of some key enterprises in various areas of China and have gained certain monopoly over such industries.

Relevant authorities pointed out clearly that, in the process of trading property rights of state-owned firms, foreigners, being aware of the eagerness of regional governments to attract investment, acquire or control stake of state-owned enterprises at lower prices. At the moment, a symptom of foreigners to monopolize the market through getting a controlling stock has aroused the concern of relevant departments.

As shown by initial investigation, in acquiring property rights of state-owned enterprises, foreigners will commonly ask for taking a control stake. Even if they cannot become major shareholders, after the establishment of the joint ventures, they will try their best to expand the investment scale of the firms. Chinese shareholders, if fail to inject a great deal of capital within a fixed time, will then comparatively hold less shares. Therefore, foreigners will become major shareholders.

Some foreigners acquire key enterprises of the same industry in different parts of China so that they can have control over a certain kind of Chinese market. This phenomenon has alarmed relevant departments, which

will implement effective measures to curb the trend of foreigners in monopoly of the market.

Ministry To Control Competitive Contract Bidding

OW2412110894 Beijing XINHUA Domestic Service in Chinese 0147 GMT 22 Dec 94

[By reporter He Jingsong (6320 0513 2646)]

[FBIS Translated Text] Beijing, 22 Dec (XINHUA)—The Ministry of Internal Trade has decided to promote more orderly development of wholesale market trade through tightening control over competitive bidding of medium- and long-term contracts.

According to the ministry, many wholesale markets have been engaged in such a competition and some wholesale markets are also eager to introduce mechanisms governing futures trade. However, wholesale markets' main function is to distribute resources through over-the-counter transactions, not competitive bidding of medium- and long-term contracts. Besides, not all commodities can be traded in such a manner. Moreover, since competitive bidding of medium- and long-term contracts are now virtually unregulated and the experience for exercising effective management is lacking, competitive bidding of medium- and long-term contracts is a highly risky and uncertain operation.

Because of this, the Ministry of Internal Trade has clearly stated that it will strictly control competitive bidding of medium- and long-term contracts. It said: Experimentation of this sort of trading will only be carried out cautiously in a few selected wholesale markets. Without the ministry's approval, no wholesale markets may engage in competitive bidding of medium- and long-term contracts. The ministry will work with other relevant departments in punishing whoever disobeys this ruling.

It has been learned that the Ministry of Internal Trade will soon draft measures for controlling competitive bidding of medium- and long-term contracts.

Construction Bank Forms Nation's 1st Banking Group

OW2312142994 Beijing XINHUA in English 1343 GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—The People's Construction Bank of China (PCBC) has emerged as the country's first banking group with the recent overhaul of the China Investment Bank (CIB).

The People's Bank of China, the central bank, has approved the operation of the CIB as a commercial bank, while it remains fully owned by the PCBC.

Two months ago, the PCBC signed an agreement with the Morgan Stanley Group and three other Chinese and

overseas financial institutions, to establish an international investment bank expected to go into operation at the beginning of 1995.

Thus the PCBC has become a banking conglomerate.

Reform of the CIB's management system has expanded its business to the commercial sector, said Wang Qishan, CIB board chairman and the PCBC's president.

The bank will retain its role as one of the country's key state-owned financial institutions for raising hard-currency funding from abroad, he added.

"The CIB's reform can be expected to have a considerable influence on the country's commercial bank business," he said.

The CIB chairman said it will focus on the country's open coastal areas and economically developed cities, and seek to raise hard-currency funding for domestic economic construction.

The bank will also become responsible for its own profits and losses.

Established in December 1981, the CIB is one of 10 financial institutions in China that are authorized by the central government to raise hard-currency funds from abroad. It has been playing an important role in channeling such funds into economic development projects, Wang said.

But the bank had been limited in business in Chinese currency.

Following the reform, the CIB will widen its scope of business, including taking in big sums of time deposits, and issuing long- and medium-term loans, as well as direct investment, financing and leasing.

The bank plans to set up branches in 11 major cities, Wang said.

Wang expressed the hope that the CIB would speed up the modernization of its management and operating systems.

The PCBC boasts capital assets of 122 billion U.S. dollars and 46 billion U.S. dollars in deposits, according to statistics.

Action on B Share Transactions by Foreign Institutions

HK2712071194 Hong Kong EASTERN EXPRESS (BUSINESS) in English 27 Dec 94 p 1

[By Wang Xiangwei: "Beijing Plan for B Share Clampdown"]

[FBIS Transcribed Text] China's central bank, the People's Bank of China, has announced a clampdown on foreign securities brokerages and investment banks conducting B share transactions and settlements through

their representative offices, the official Shanghai Securities News reported yesterday.

The bank will be launching an official investigation into all the China-based representative offices of foreign financial institutions, focusing on those which have various business operations.

It said those representative offices should cease their business activities immediately or face punishment.

According to government regulations, representative or liaison offices of foreign financial institutions can only engage in non-business activities such as risk evaluation, consultation and liaison services.

However, the central bank said that recently, representative offices of some foreign brokerages and investment banks in Shanghai and Shenzhen had engaged in the transactions and settlements of domestically traded U.S. dollar-denominated B shares for their head offices and other overseas financial institutions.

"To a certain degree, the practice has disrupted China's normal financial operations," the bank said.

Industry sources said it has been an open secret in Shanghai and Shenzhen that foreign representative offices deal in B share transactions for their overseas and domestic clients.

In theory, foreign brokerages or investment banks deal in B share transactions from their offices in Hong Kong, unless they have obtained seats on the Shanghai or Shenzhen bourse.

However, by routing their transactions through their representative offices in either Shanghai or Shenzhen, those foreign brokerages or investment banks end up saving money on long-distance overseas calls, making their operating costs lower.

It also saves a lot of money and trouble for the mainland investors who invest in B shares.

Mainlanders are not allowed to trade B shares, but many of them have long done so through nominees in foreign countries, especially Hong Kong.

Banking sources in Beijing yesterday said that the People's Bank's forthcoming investigation will probably be also aimed at representative offices of foreign banks on the mainland.

One source said those offices have been openly arranging trade finance or other loans for Chinese companies for some time, although they have no such rights.

Government regulations stipulate, however, that representative offices should make such arrangements through Chinese banks, who normally charge a commission.

"In Beijing, it has almost been considered as normal practice among representative offices of those banks to engage in those business activities," the source said.

Bureau Scrutinizes 'Illegal' Foreign Employees

HK2412073794 Beijing CHINA DAILY in English 24 Dec 94 p 4

[By Zhang Xia: "Nation To Curb Illicit Hiring of Foreigners"]

[FBIS Transcribed Text] China will continue to introduce high-technology and managerial specialists from overseas to work in the country while regulating their type of employment.

A recent national working conference on the introduction of foreign talent noted that in the next two years, China will invite 150,000 foreign experts.

Priority will be given to personnel needed for the development of high-quality and high-yielding agriculture, in the application of advanced technology and in the construction of the State's key projects.

From 1979 to this October, more than 420,000 foreign experts have been invited to work in China, according to figures from the State Bureau of Foreign Expert Affairs.

These experts have contributed much to China's scientific research and talent-training. They have instructed 150,000 teachers, 100,000 post-graduates and 10,000 doctors in the past 15 years.

Among the introduced foreign experts, 16 percent were agricultural specialists. In the industrial field, there are many foreign technicians who help Chinese enterprises apply advanced technology and operate advanced equipment.

The conference reassured that, in future, China will continue to welcome foreigners who wish to work or study in the country, but it will crack down on illicit employment, said Zheng Xiaoguang, an official from the Employment Department of the Ministry of Labour.

In the last two years, illicit employment has mushroomed as some offenders use China's market-oriented economic approach as a pretext to earn an illegal living here.

Earlier this month, a statement was jointly released by the ministries of Public Security, Labour and Foreign Affairs outlawing the employment of foreign students and those without residence certificates.

According to the rules and regulations, only foreigners who hold Z-type visas are permitted to work in China and are granted residence certificates. This kind of visa is mainly given to presidents and high-level managerial personnel of foreign-funded enterprises, foreign experts invited by the State Bureau of Foreign Expert Affairs and some other State ministries.

Recently, foreigners with visas for tourism (L), visiting (F) and studying (X) have been found employed, according to Zheng.

"This may bring about more money to individual employers, but it will cast a negative influence on China's labour market," said Zheng.

China has an abundant labour force to engage in jobs that do not demand any special skills. Recent statistics show the surplus labour in State enterprises as 16 million plus 120 million in rural areas.

"China, therefore, should only introduce expert personnel from other countries," Zheng emphasized.

Illicit cases were brought to light by the appearance of foreign women in massage parlours, pornographic shows by foreign performers, and the unauthorized hiring of foreign waitresses in hotels, restaurants and entertainment centres.

Some cases also involved prostitution, according to sources in Beijing. The government adopted the Law on Entry and Exit of Aliens in 1985 which aimed to regulate the entry of foreigners into the country.

At present, about 50,000 foreign nationals are in China as short- or long-term residents. Among them, 10,000 are students. According to the conference statement, students should not be employed and shall be asked to leave the country upon graduation.

Persistence of these problems is the result of foreigners' and Chinese employers' unfamiliarity with China's laws and lax law-enforcement of Public Security and labour bodies, said Zheng. Some people regard the employment of foreign waitresses as a positive and novel new thing brought about by the reform and opening to the outside.

People from certain countries can enter China without visas. "This aims to make it more convenient for them to conduct trade in the border areas—but they are not allowed to seek jobs," said Zheng.

Now some agencies and individuals have begun to introduce foreigners into illegal jobs. They invite foreigners usually in the name of business or academic exchanges.

Public security bodies were urged to eliminate these agencies and confiscate their illegal income. Illegal Chinese employers will be penalized while foreign offenders would be detained or deported, said Zheng.

According to the statement, foreign-funded enterprises and foreign embassies are not permitted to employ foreigners without residence certificates or to employ foreign students.

News Analysis: Nation Maintains Social Stability

OW2712101094 Beijing XINHUA in English 0959
GMT 27 Dec 94

["News Analysis: China Maintains Social Stability"]

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—China has continued to witness social stability this year and is expected to maintain it for a long time to come as the basic social system and related policies will not change, according to sociologists here today.

They pointed out that the country achieved political stability, sustained economic growth and a thriving society, and social and economic development has been kept in a "healthy way", despite of price hikes in the year.

During the first three quarters of this year, overseas investment in China was up by 50 percent from the same period of last year.

According to predictions made by the Academy of Social Sciences (ASS), by the year-end, the total amount of residents' deposits will rise by 39 percent from the end of 1993, and the number of overseas tourists will also hit a new high.

These facts serve as an indication of a decline in the "risk index" in China, experts believed.

Ning Sao, Dean of the Political Science Department of Beijing University, said that this stability has come from the success of the reform, which has benefited the masses of the people over the past 15 years.

People's rising financial strength in recent years has enhanced their ability to withstand negative factors in the course of development, Ning said.

Authoritative sources said that this year will see a six-percent increase in people's income in real terms, and the gross domestic product will double the figure of 1988.

Ning pointed out that ongoing social transformation is bound to bring about new contradictions in society. However, at present China has been enjoying one of its most stable periods.

Ning said that the relationships among different interest groups have been readjusted this year, and those people, families and regions whose interest is temporarily injured by the ongoing reform have been given special help.

Furthermore, an ample supply of commodities for daily use has been maintained in spite of price hikes, he said, and no panic buying has happened. And the government has improved channels of communication with the public.

Li Yining, a renowned economist, said that the base of social stability is the people's property accumulations. When they can lead a comparatively well-off life or at least they can expect one, they will concentrate their energy on building a still better life.

A government and its policies will be supported by the people if they know they will benefit, he said. In fact, he

pointed out, the people have come to know that their basic interest lies in stability with which they can work to achieve progress.

Prof. Wu Daying, Director of the Political Science Division under the ASS, said that so far latent instability factors basically lie in the people's over-expectations. But such expectations illustrate their support for the government resolution to further promote the economic reform, accelerate modernization construction and make people still better off, Wu explained.

Chen Xueshen, a sociological researcher, said that the reform has already laid a solid foundation for stable social and economic development.

According to a government survey report, domestic businesses' confidence of a lasting economic boom in China has increased by 13 percentage points this year.

Another survey conducted by the All-China Federation of Trade Unions shows that more than 90 percent of the workers fully support the government's current policies.

Researchers in the ASS pointed out that China has been engaged in industrial development basically for raising people's living standards for more than a decade.

Scholars of comparative political studies said that many industrial nations experienced turbulent social trends at their economic take-off. And it is remarkable that China has kept up stability during this period, they said.

Experts here said that the present leadership can objectively size up the situation and guide the country on a healthy road of development.

Moreover, Prof. Wu noted, the progress of China's political democracy and legislative construction over the past few years is significant to maintaining social stability.

Meanwhile, a package of policies issued by the Central Government for next year have been identical with the views of the scholars, which include increasing government investment in agriculture, upgrading state-owned enterprises, curbing inflation, strengthening the anti-corruption campaign, reforming the social insurance system and stressing ideological and ethical development.

Daniel Ling, representative of the U.S. Bridgewater Associates Corporation in Beijing, said that social stability means the reduction of business risks in China, so that foreign businessmen's anticipation of investment returns will be readjusted to a more rational level.

"A good social order will make it easier for the country to attract more foreign capital," he said.

He disclosed that his corporation and three other giant U.S. investors, including the Rockefeller Foundation and Hughes Investment Corporation, will jointly inject some 200 million U.S. dollars into technical modernization of

China's state-owned enterprises, as well as some management upgrading projects.

Statistics show that more than 100,000 overseas-funded enterprises had become operational in China by the end of last November.

Like riding a bicycle, Li Yining said, successful progress in the reform and economic construction will lead to still solid social stability, and an abrupt stop will bring disorders. In view of this, the country has bright prospects.

Spokesman on Wholesale Market Management Laws

OW2612171594 Beijing XINHUA Domestic Service in Chinese 0921 GMT 20 Dec 94

[By reporter He Jingsong (6320 0513 2646)]

[FBIS Translated Text] Beijing, 20 Dec (XINHUA)—Ding Junfang, spokesman for the Ministry of Internal Trade, said today: The Ministry of Internal Trade will continue to enhance the management of wholesale markets by formulating laws on governing the construction and management of wholesale markets nationwide. The Ministry of Internal Trade recently formally issued the "Regulations Governing the Management of Wholesale Markets."

According to Ding Junfang's briefing, since reform and opening up began, 90 percent of Chinese commodities have entered markets. Commodity markets, wholesale markets in particular, have developed rapidly. At present, China has more than 100,000 markets for various commodities. Among them, some 3,000 are wholesale markets. These markets have played an active role in satisfying consumers' demand and in consumption guidance. Nevertheless, some acute problems have emerged in the construction and management of wholesale markets. First, there are no unified plans for the construction of markets. Different management policies have resulted in blind development and the redundant construction of wholesale markets. Second, instead of acknowledging the importance of market management, people only attach importance to constructing markets. There are no precise regulations and demands for promoting the development of wholesale markets, the perfection of the market system, and the improvement of service standards. Generally speaking, the transaction levels of wholesale markets in China are not high. Third, we have not formulated enough laws on the construction and management of markets. We need to make laws to govern the establishment of markets, the approval for new markets, wholesale market transactions, market management, and the service offered by wholesale markets. Fourth, the single mode used to establish wholesale markets for different commodities has caused problems for some commodity markets. These four major aforementioned problems have hindered the development of China's commodity markets.

To solve these problems, based on the principles of promoting market competition, regulating trade behavior, and straightening up management relations, the Ministry of Internal Trade took into consideration the current situation of China's wholesale markets and the demands set for wholesale markets by China's developing commodity economy and formulated the "Regulations Governing the Management of Wholesale Markets." These regulations specify clear requirements for naming markets, approving the establishment of wholesale markets, and deciding transaction formats in various wholesale markets. Ding Junfang said: The implementation of these regulations will ensure the rational and sound operation of wholesale markets, protect the legitimate rights and interests of people engaged in wholesale transactions, and help to gradually legalize the construction, operation, and management of wholesale markets.

Southwest To Establish 'Common Market'

OW2512090994 Beijing XINHUA in English 0522
GMT 25 Dec 94

[FBIS Transcribed Text] Chengdu, December 25 (XINHUA)—The three provinces and two autonomous regions that make up Southwest China have agreed to set up a common market to promote their economy.

Sichuan, Yunnan and Guizhou provinces and the Tibet and Guangxi Zhuang autonomous regions will adopt new policies to jointly produce, supply and market their products.

The five will enjoy the privilege of buying materials produced in the region at unified prices.

All internal tariffs will be abolished. At the same time, their economic and trade development zones in coastal and border regions will provide favorable status for local markets.

Companies with the right to conduct export and import business in the coastal regions will extend their business to the inland areas.

The region will build a dozen markets, including a cigarette market and a rubber market in Kunming, the capital of Yunnan, a coal market and aluminum market in Guiyang, the capital of Guizhou, electronics and machinery markets in Sichuan, and a sugar market and fruit and vegetable market in Guangxi.

Meanwhile, border trade and economic development zones will also be constructed in coastal cities such as Beihai, Fangcheng, Pingxiang, Rili and Yadong.

Beijing To Accelerate Power Development Program

OW2312141094 Beijing XINHUA in English 1122
GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—Power-thirsty China is accelerating the pace of

drafting the ninth "Five-Year Plan" (1996-2000) for the development of the power industry.

The draft is expected to come out soon, according to the Ministry of Power Industry today.

The draft is based on the principles of building the power industry best suited local conditions, giving priority to the development of hydropower and thermal power while developing nuclear power and other alternative energy sources in an appropriate manner.

"The power industry, as one of the key developing infrastructure sector, should keep pace with the growth of the national economy," said Power Minister Shi Dazhen.

"Only by achieving this," he told a national power work conference, "can we ensure a sustainable, fast and healthy development of the national economy."

He said that, in mapping out the plan, it is necessary to implement the state industrial policies for the 1990's and reflect the guideline of paying equal attention to energy development and conservation.

The development of power should be coordinated with the development of the economy and environment, he added.

By the year 2000, China's gross power generating capacity is expected to grow from the current nearly 200 million kw, to 300 million kw.

From 1996-2000, efforts will be made to develop hydropower on the mainstreams and tributaries on the upper and middle reaches of the Chang Jiang River, the Lancang River, the upper reaches of the Yellow River and the Hongshuihe River.

The "Three Gorges Project," the biggest in the world and a milestone in the history of China's hydropower construction, has been inaugurated.

Most of new thermal power plants will be built at pit mouths, by railways and ports in order to use resources more rationally and ease transportation pressures.

Major efforts in nuclear power sector will be devoted to the construction of the second nuclear power plant in Guangdong, the second phase of the Qinshan Nuclear Power Plant, and another one in Northeast China's Liaoning Province.

Meanwhile, the preparations have started for building two other nuclear power plants in Guangdong and Zhejiang.

Shi disclosed that the state is planning to link up all local power grids and launch a trans-provincial power transmission program.

"China will continue to promote electrification in rural areas, and to lift the proportion of large and medium-sized generating units as well as to increase the capacity of individual generators," said Shi.

East To Set Up Advanced Air Network by Year 2000

HK2712061594 Beijing CHINA DAILY in English 27 Dec 94 p 2

["East China To Build Advanced Air Network"]

[FBIS Transcribed Text] East China has mapped out a blueprint to set up the country's most advanced air communications network by the end of this century.

Eighteen airports will be built in the next five years to complete the network, which will have Shanghai as the hub, China Aviation News reported.

On the drawing board are airports at Zhoushan, Xiaoshan and Jinhua in Zhejiang Province.

Fujian Province will see the construction of Fuzhou Changle Airport and airports at Sanming, Jinjiang and Longyan.

Three airports will be built in Jiangxi Province, three in Jiangsu Province and four in Shandong Province, as well as Shanghai Pudong International Airport.

Construction of the airports will be mainly financed and managed by local authorities, the newspaper said. The central government will invest in several projects.

By the year 2000, when the network has been completed, the region will have 40 airports.

East China, made up of Shandong, Jiangsu, Anhui, Zhejiang and Jiangxi provinces and Shanghai, is now home to 22 civil and civil-military airfields.

The area's passenger and cargo transportation volume makes up 27.5 per cent of the country's total civil aviation.

Report Examines Automobile Production

OW2612162594 Beijing XINHUA in English 1549 GMT 26 Dec 94

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—The number of automobiles in China will exceed 10 million in 1995, of which 2.2 million will be sedans, according to an official forecast.

Statistics from the Automotive Department of the Ministry of Machinery Industry show that by the end of this year China will have more than 9.1 million automobiles, with 1.58 million sedans.

Last week China revealed its production plans for more than 1.4 million automobiles in 1995, including 430,000 sedans. Official forecasts show that up to 1.65 million automobiles will be needed in the coming year.

In the first 10 months of this year China produced a total of 1.1 million automobiles, and is predicted to reach 1.37 million at year's end, surpassing the target of 1.35 million set earlier this year.

Analysis by auto experts shows that this year's auto market has maintained a slow development while new taxes and exchange rate reforms have led to a two to four percent increase in the production cost of each automobile, causing a decrease in production.

The experts held that next year's macro economic environment will be much more favorable for the auto industry, and that the market will recover somewhat. The slump in the market that started in June 1993 will gradually come to an end in the second half of 1995.

Shanghai Tightens Magnetic Phone Market Management

OW2412053494 Beijing XINHUA in English 0455 GMT 24 Dec 94

[FBIS Transcribed Text] Shanghai, December 24 (XINHUA)—Shanghai, China's largest industrial center, will enhance management of the burgeoning magnetic telephone card market.

Magnetic telephone market expanded rapidly since it appeared here in 1987. So far, 500 magnetic telephones have been installed on all major streets of Shanghai with 1 million magnetic telephone card holders. It provides local residents with a easy access to domestic and international calls.

However, many problems cropped up in the process of development in this sector. Unqualified and slipshod telephone cards caused unexpected difficulties for telephone card holders.

To safeguard the legitimate rights and interests of magnetic telephone users, the city set up a special company in charge of the design, manufacture and sale of magnetic telephone cards in the city Tuesday.

The local postal and telecommunications department will hold its first magnetic card exhibition in the near future and open a magnetic card sales center in the Shanghai Telecommunications Garden. The city is preparing for the establishment of the magnetic card holders' association.

Technical Innovation Boost To Help Enterprises

HK2712061194 Beijing CHINA DAILY in English 27 Dec 94 p 4

[By Fu Jian: "More Investment Heading To Bright, Innovative Firms"]

[FBIS Transcribed Text] To invigorate enterprises, the Chinese Government is adopting measures to boost the development of technical advancements.

Government finance will be allocated to projects under the principle of "supporting those with a bright future" rather than previous broadcast to all projects without investigating their prospects. [sentence as published]

In addition to State funding, enterprises are asked to raise more funds by themselves—through borrowing money from commercial banks, other enterprises or individuals—to increase their responsibility for the results of their technical innovation projects.

"Next year, more money will be invested in technical innovation, and the reform of the investment system will be deepened," said Pei Zhen, deputy division chief of the Department of Technical Transformation under the State Economic and Trade Commission (SETC).

State investment will be focused on 1,000 national major enterprises, especially the top firms in various industries, the SETC decided.

During the past four decades, government funds have been the major source of support for enterprises' technical innovation.

Traditionally, the funds were allocated to enterprises by State banks. Now, an increasing proportion of the funds is granted as low-interest bank loans.

In China's Seventh Five-Year Plan period (1986-90), the total investment in technical innovation was about 400 billion yuan (\$47 billion). In the first three years of the Eighth Five-Year Plan period (1991-93), the figure reached 468 billion yuan (\$55 billion).

This investment has promoted advances in some major industries and traditional industrial bases, Pei said.

In Shanghai, China's biggest industrial city for the past 40 years, 446 technical innovation projects were completed from 1991 to 1993, and a successful investment-return ratio of 1:2.16 was achieved last year.

However, many investments were not successful—some projects were even not completed—and the bank loans and interest could not be repaid.

A survey on efficiency of technical innovations in East China's Shandong Province shows that 30 per cent of the 142 projects were not completed, with 120 million yuan (\$14 million) of funds without return.

Some of the projects were not completed because they had insufficient government funding.

In the past, the government would spread its funds to cover all enterprises that applied for innovation grants. The result was that, usually, each enterprise received insufficient money for its project.

Sometimes the enterprises failed to fill their part of investment when they invested jointly with the government in innovation projects.

Usually, these enterprises asked for additional government funds to make up the shortfall, and if the government failed to inject more cash, the projects might be postponed indefinitely.

Many innovation projects became outdated after several years of waiting for successive funds.

Besides lack of funds, poor management is also an important reason for the low efficiency of technical innovation projects.

Many project managers were not careful when spending money earmarked for a project. Some even used the money to buy cars for themselves or construct welfare facilities for their employees.

No punishment was imposed on managers even if their innovation projects failed because enterprise reform had not gone so far as to make managers responsible for their operations.

The SETC will better plan its investment in national technical innovation projects, Pei said.

Major enterprises in seven industries will top the SETC's agenda next year. They are:

Production of energy-saving goods;

Transportation and communications industries;

Production of good quality raw materials that are of insufficient supply;

Production of major goods that are used in agricultural production;

Major export products such as textiles and other light industrial goods;

Machinery and electronics that are urgently needed for national economic development;

Import of advanced foreign technology to enable some goods to be produced domestically rather than imported.

Top domestic enterprises will be encouraged to develop their own technology research centres. They will be eligible for preferential tax treatment, customs duty advantages and other privileges to introduce advanced foreign technology.

In most cases, enterprises will be given the power to decide whether projects will be carried out or not, and how the funds should be raised. In turn, enterprises themselves will be responsible for their decisions.

Paper Predicts 'Brisk' Chemical Fertilizer Market

OW2612075194 Beijing XINHUA in English 0649
GMT 26 Dec 94

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—China will achieve a near balance in supply and demand of chemical fertilizers in 1995, with sales to rise sharply, according to the "Market Daily."

The paper said that chemical fertilizer production totalled 84.55 million tons in the first ten months of 1994, basically meeting the needs of agricultural production.

The figure represented a nearly ten percent rise from the same period in 1993.

The paper estimated China's demand for chemical fertilizers at 133 million tons in 1995.

In 1995, nitrogenous fertilizer demand is expected to rise 6.4 percent to 89.4 million tons; phosphate fertilizer demand is expected to increase 6.1 percent to 33.6 million tons; and potash fertilizer demand is expected to grow 7.7 percent to seven million tons.

The country's chemical fertilizer production is targeted to rise 4.5 percent to hit 113 million tons in 1995, accounting for 85 percent of the demand, the paper said.

The gap between supply and demand will be filled in by imports, it said.

The paper said that the brisk chemical fertilizer market is due primarily to the implementation of the decision of the Chinese Government on strengthening the farming sector as the foundation of China's economy.

As a result, farmers are now enthusiastic about crop cultivation and are spending more in grain production, it said.

Sichuan Surpasses State Afforestation Plan

*OW2612044094 Beijing XINHUA in English 0419
GMT 26 Dec 94*

[FBIS Transcribed Text] Chengdu, December 26 (XINHUA)—Southwest China's Sichuan Province has overfulfilled the annual quota for a national afforestation project funded by the World Bank this year.

According to the Sichuan Provincial Forestry Bureau, the province has covered 24,000 hectares of hilly areas with trees, fulfilling the planned quota by 105.3 percent, and used 54.64 million Yuan in afforestation, 58 percent of which were loans from the World Bank.

Located on the upper reaches of the Chang Jiang River, Sichuan was assigned to plant trees on 22,800 hectares according to the national afforestation project.

All indexes of the afforestation were proven to be up to the set standards in a recent technical assessment and approval.

East Region

Anhui Removes Governor, Appoints Acting Governor

OW2412140894 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 24 Dec 94

[From the "Provincial Hookup" program]

[FBIS Translated Text] The 14th meeting of the eighth provincial people's congress Standing Committee held a plenary session this morning. It adopted decisions to accept Fu Xishou's resignation from the post of the governor of the Anhui Provincial People's Government and to appoint Hui Liangyu as the vice governor and acting governor of the provincial people's government. The meeting also approved other appointments and dismissals.

After approving appointments and dismissals, Lu Rongjing, secretary of the provincial party committee, and Hui Liangyu, deputy secretary of the provincial party committee and acting governor, spoke at the meeting.

In his speech, Hui Liangyu first thanked the provincial people's congress Standing Committee's for its trust and support. Then, he said: Anhui is currently witnessing a period of vigorous growth, with harmonious human relations, unity of the mind, rich resources, and thriving undertakings. I have great admiration for the province and am full of confidence and hopes in coming to work in Anhui. We must cherish and maintain the favorable development trend.

Pledging to persist in taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guide, Hui Liangyu said: Under the leadership of the provincial party committee, the supervision of the provincial people's congress and its Standing Committee, and the support of cadres and people at large, I shall earnestly listen to opinions from all circles, enhance the organizational concept and the legal and mass awareness, work and study hard, perform duties diligently and honestly, so as to be a good public servant of the people and to live up to the trust of the organization and the people.

Lu Rongjing said: I offer my warm congratulations to the provincial people's congress Standing Committee on its decision to appoint Hui Liangyu as the acting governor. At present, the situation in Anhui is excellent. We must maintain and promote the excellent situation; must uphold Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; and, under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, must conscientiously implement the Central Committee's series of principles and policies and unite the people throughout the province in further harnessing the enthusiasm of all sectors to ensure a good job of work in all fields of endeavor. He

urged the people's congress and government to understand, respect, support, and assist each other; and work with one heart and one mind in promoting reform, opening up, and economic construction and in further maintaining social stability in Anhui.

Meng Fulin, chairman of the provincial people's congress Standing Committee, also spoke at the meeting. He emphasized: The provincial people's congress Standing Committee should further implement the guidelines of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee and the 11th plenary enlarged session of the fifth provincial party committee; and, focusing on the central task of economic construction, go all out to strengthen legislative and supervisory work. He said: We should put the cause of the party and the people and the strengthening of unity above everything else. Under the leadership of the provincial party committee, the provincial people's congress and government should promote communication; support each other; and work energetically to promote a sustained, rapid, healthy economic development in Anhui.

The meeting also listened to reports on implementation of the Agriculture Law and of the State Council's regulations governing fees and labor services of peasants in Anhui.

Vice Chairman Liu Guangcai of the provincial people's congress Standing Committee presided over the meeting.

Vice chairmen Shao Ming, Lu Shengdao, Lu Zixiu, Jiang Zehui, Chen Jiyu, and (Cai Mingjiu); and Secretary General (Lu Desheng) of the provincial people's congress Standing Committee attended the meeting.

Vice Governor Wang Xiuzhi and President (Han Yunping) of the provincial higher people's court and Deputy Chief Procurator (Liu Yongjin) of the provincial people's procuratorate attended the meeting as observers.

Acting Governors's Background Noted

OW2512013494 Beijing XINHUA in English 0113 GMT 25 Dec 94

[FBIS Transcribed Text] Hefei, December 24 (XINHUA)—Fifty-year-old Hui Liangyu was appointed deputy and acting governor of east China's Anhui Province today, replacing 63-year-old Fu Xishou.

Hui, an economist of the Hui ethnic group, was appointed deputy-secretary of the Anhui Provincial Party Committee before his appointment today at the 14th session of the Standing Committee of the Eighth Provincial People's Congress.

Fu's resignation as governor of the province was accepted at today's meeting.

Hui had been deputy governor of Jilin Province and later he was appointed deputy director of the Policy Research Office of Chinese Communist Party Central Committee. Before he came to Anhui, he was deputy secretary of

Hubei Provincial Party Committee and chairman of the Hubei Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC).

Anhui Fulfills 1994 Annual Export Target

OW2612015094 Beijing XINHUA in English 0109
GMT 26 Dec 94

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—East China's Anhui Province has earned 1.04 billion U.S. dollars by the end of October, which fulfilled this year's annual target two months ahead of schedule, says a report in the Beijing-based "International Trade News."

According to the paper, the province's export has maintained a high growth rate of over 33 percent since the beginning of this year.

Among the total export, the province sold 168 million U.S. dollars of machinery and electronics abroad, a growth of 37.5 percent. The province also earned 6.83 million U.S. dollars from processing with imported materials and earned 17.4 million U.S. dollars from technology export.

Most of the exports, the paper says, come from cereals and edible oil, local and poultry products, silks, chemical products, technology, coal and non-ferrous metals.

Anhui Province Benefits From Rural Reform

OW2312113694 Beijing XINHUA in English 0911
GMT 23 Dec 94

[FBIS Transcribed Text] Hefei, December 23 (XINHUA)—Gao Deming, a middle-aged farmer from Fei'xi County, Anhui Province, is very busy these days: hiring trucks to ship grain to nearby markets, and making arrangements for next year's farm production.

"Without leaving the fields as some others do, I can still become rich by growing grain. People call me a good hand at farm work," the 48-year old man said happily, counting on his money.

Gao and family work 12 hectares of low-lying farmland he contracted 15 years ago. They have invested more than 20,000 yuan in improving farming conditions and purchasing farm machines including a water pump, a tractor and a thresher.

Gao and family harvested more than 90,000 kilograms of grain this year and got an annual income of 130,000 yuan.

He said he is happy about the pledge of the government that the household contract responsibility system will remain unchanged. In fact, the government has decided to extend the term of farm contract by another 15 years to a total of 30 years.

One of China's agricultural producers, Anhui took the lead in 1978 in carrying out the rural reform to contract

farmland to farmers for 15 years. It greatly aroused farmers' initiative in farming.

This was a big move. China has a big population, most of whom are farmers, with limited cultivated areas, averaging 0.47 hectares per rural household. When the enthusiasm of the farmers was fired, intensive farming led to good farm harvests for years.

According to Wang Zhaoyao, Deputy Governor of the province, the amount of cultivated areas per rural household in Anhui is less than the country's average. The household responsibility system is crucial to rural Anhui. At the end of the first contract term, The Provincial Government decided to prolong it with modifications under the new situation.

"The application of farm machines has freed many farm hands, and the rise of rural industrial enterprises attracted millions of rural laborers," Wang noted.

To ensure all farmland is under cultivation, the Provincial Government has decided that the contract period for farmland will last for 30 years, and that for waste land, hillsides and water surface for 50 to 70 years. During the contract period, farmers may transfer, lease or mortgage the land-use right. Skilled hands may contract more land.

"Such a policy benefits both experienced farmers who get rich in the fields and surplus laborers who wish to make fortune elsewhere," he said.

Gong Lianfu, a farmer of Laogang Village, Tianchang City, has set up a share-holding farm in cooperation with five other villagers to contract 82.5 hectares of farmland.

The farm, where all the work is done by machines, produced more than one million kilograms of grain this year, and gong and other contractors gained a sum of 200,000 yuan in profits.

"We are going to raise more funds to set up a grain processing factory to provide value-added farm produce for a bigger profit," gong said.

Wu Shaoren, an agro-scientist, said that the improvement of the land contract system is effective in encouraging experienced farmers in grain production, ensuring stable grain output and increasing their income.

"It will also pave the way for modern farming," the agro-scientist pointed out.

Fujian Governor Relays Central Instructions

HK2312122394 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 12 Dec 94

[FBIS Translated Excerpt] From 7 to 12 December, Chen Mingyi, deputy secretary of the provincial party committee and governor, and Huang Wenlin, member and secretary general of the provincial party committee's standing committee, together with leaders of the relevant departments directly under the provincial authorities, inspected Nanping and discussed with local cadres and

masses the implementation of the instructions of the central economic work meeting and the enlarged meeting of the provincial party committee's standing committee on stimulating Nanping's reform and development.

At a forum held on 10 December for leading cadres of Nanping Prefecture and its administrative offices, Chen Mingyi, Huang Wenlin, and leaders of the relevant departments confirmed Nanping Prefecture's achievements and raised constructive proposals for future work. After analyzing existing difficulties and problems, Comrade Chen Mingyi pointed out that an important task at present is to conscientiously study and implement the instructions of the central economic work meeting, unify the understanding of cadres and the masses, take practical measures to fulfill all annual plans, make good arrangements for next year's work, and maintain sustained, healthy, and rapid national economic development. [passage omitted]

Fujian Implements Joint-Stock System

HK2312060094 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 11 Dec 94

[FBIS Translated Text] Positive results have been achieved in the implementation of the reform measure to introduce the joint-stock system. At present, 75 enterprises in the province have been turned into standard joint-stock companies with limited liability. The value of their total capital stock amounts to 5.816 billion yuan. Among them, 11 companies have been approved to list their shares on the stock market, and their stock amounts to 1.147 billion yuan.

Since the reform measure to introduce the joint-stock system was adopted, enterprises have markedly increased their strength and have rapidly expanded their scale of operation. More than half of the 75 enterprises which have been turned into corporations have expanded their business operation scope. For example, Xiamen Maritime Enterprise Group has extended its operations from fisheries to running factories, shops, and foreign trade. At present, the company is running 13 factories.

The introduction of the joint-stock system has created a strong and vigorous force for this province's economic development. Five of the 75 existing corporations are engaged in tourism and urban construction, more than 40 of them are engaged in manufacturing industry, 10 are engaged in commerce and foreign trade, and two are engaged in transportation and telecommunications. This batch of robust corporations have undertaken a number of key construction projects which are urgently needed in this province. They play a role in promoting the adjustment and optimization of the industrial structure.

The reform measure of introducing the joint-stock system has provided an effective way to realize the value of state assets and to ensure the appreciation of state

assets. The situation of the 11 corporations whose shares have been listed on the stock market shows that the value of state assets in these corporations has increased by an average of 85 percent. In the best case, the appreciation rate reached 100 percent. This is far higher than the appreciation rate of state assets in ordinary enterprises.

Jiangsu CPC Holds Election; Chen Huanyou Reelected

OW2512174994 Beijing XINHUA Domestic Service in Chinese 1425 GMT 25 Dec 94

[FBIS Translated Text] Nanjing, 25 Dec (XINHUA)—The Ninth Congress of the Jiangsu Provincial CPC Committee and the First Session of the Ninth Jiangsu Provincial CPC Committee which closed today elected the new leading group of the Jiangsu Provincial CPC Committee.

Of the Ninth Jiangsu Provincial CPC Committee, Chen Huanyou is secretary; Zheng Silin [6774 2448 2651], Cao Keming, Gu Hao, and Xu Zhonglin are deputy secretaries; and Chen Huanyou, Zheng Silin, Cao Keming, Gu Hao, Xu Zhonglin, Zheng Bingqing [6774 3521 3237], Ji Yunshi, Yu Xingde, Wang Xialin, Yang Xiaotang, Liang Baohua [2733 0202 5478], and Li Mingchao [2621 2494 2600] are standing committee members.

The secretary and deputy secretaries of the Jiangsu Provincial CPC Discipline Inspection Commission were also elected today. The secretary is Cao Kemin, and the deputy secretaries are Wang Zhongqi [3769 0112 1477], Chen Zhanghao [7115 4545 3185], and Ji Kuishun [1323 1145 7311].

Shandong's Pingyuan County Executes Five Burglars

SK2312125294 Jinan DAZHONG RIBAO in Chinese 9 Dec 94 p 5

[FBIS Translated Text] On the morning of 8 December, Pingyuan County solemnly held a mass rally in the local stadium to pronounce judgment, openly pronouncing judgment against 18 criminals, including Wei Hongshun and so on, in line with the law. Among them, five criminals were sentenced to death, one was given a life sentence, and 12 were sentenced to set terms of imprisonment. By gunshot, the five burglars, including Wei Hongshun, were executed on the execution ground. This was the grandest activity in Pingyuan County's struggle to deal stern blows to crimes and to rectify public security.

From 1992 to the winter of 1993, the five burglars, including Wei Hongshun, banded together to climb walls or pry open doors to enter others' yards in order to wantonly steal the means of agricultural production at night. During the long period of their stealing activities, they stole large amounts of money on many occasions and over wide districts, and seriously jeopardized public security and order. Of the five burglars, Wei Hongshun

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(male, 23 years old, a native of Yinmadian village of Koufang Township in Pingyuan County) participated in 43 thefts, of which the total amount of stolen money was 65,100 yuan; his share was 35,900 yuan. Although the weather was not good that day, there were still 100,000 people attending the rally. Before his execution, criminal Qi Wangqin said: "What I did in my life was to entrap people. I harmed myself and deserve this punishment."

Zhejiang Provisions on Handling Complaints

OW2312133294 Hangzhou ZHEJIANG RIBAO in Chinese 1 Dec 94 p 7

[“Provisions of Zhejiang Province on Handling Complaints; Governor Wan Xueyuan Signed the Zhejiang Provincial People’s Government Order No. 53 on 19 October 1994 to Promulgate the Provisions’ Implementation From 1 December 1994”]

[FBIS Translated Text] Chapter I General Principles

Article 1 These provisions are formulated in accordance with the Constitution of the People’s Republic of China, relevant laws and regulations, and policies in combination with Zhejiang Province’s actual conditions for prompt and correct handling of complainants’ (citizens, legal persons, and other organizations who submit complaints) letters and visits, protecting complainants’ legitimate rights and interests, and safeguarding the normal complaints process.

Article 2 The term “complaints” of these provisions refers to activities whereby complainants report situations and express their wishes to government administrative organs and persons in charge through visits, letters, cables, and telephone calls, and persons in charge of relevant organs and units shall then handle these complaints.

Article 3 Complaints is a way for the broad masses to exercise their democratic rights through participation in state and social affairs as well as safeguard their own rights and interests in accordance with the laws. It is an opening for government administrative organs to understand social conditions and public opinions, and to draw on the people’s wisdom. It is a channel for government administrative organs to carry forward socialist democracy, accept the people’s supervision, help the people to solve their woes and difficulties, and forge closer contacts with the people. It is a method for government administrative organs to handle the people’s contradictions and safeguard social stability under the new era.

Article 4 Complaints handling is a long-term and people-based political task of government administrative organs. It is an important component in leadership as well as an obligation of government administrative organs and persons in charge. Government administrative organs at all levels must strengthen their leadership in the task. They shall assign a person to handle complaints, incorporate the task into their daily work

schedule, and conduct regular analysis, study, supervision, and inspection. Persons in charge of government administrative organs shall read the people’s letters, attend to the people’s visits, handle important complaints, and attach importance to building up the complaint handling team.

Article 5 The principle of complaint handling is:

- (1) To apply a practical approach and emphasize facts, evidence, as well as investigation and study;
- (2) To handle affairs in accordance with the Constitution, laws, regulations, and policies;
- (3) To implement a responsibility system according to administrative levels and handle complaints in places where they are received;
- (4) To combine the task of handling practical issues and conducting ideological education;
- (5) To handle complaints promptly and strive to solve them at grass-roots levels or localities.

Article 6 Government administrative organs at all levels shall establish and perfect the complaint handling system, for example, a complaints handling leading group meeting system; working hours system for handling complaints; system for leaders’ daily attendance to the people’s visits or appointment to meet the people, on-the-job responsibility system; system for evaluating objective responsibility; system for appraising and commending advanced organs; and other working systems.

Article 7 Government administrative organs shall ensure needed funds for essential working facilities and conditions for complaints handling organizations and personnel.

Article 8 Complainants as well as persons in charge and staff of government administrative organs handling complaints shall share the common responsibility of safeguarding the complaint handling process.

Complainants shall consciously abide by the reception procedure when visiting the complaint reception office, and shall leave the office immediately thereafter.

Persons in charge and staff of government administrative organs handling complaints shall earnestly and warmly attend to complainants’ letters and visits so as to ensure the normal operation of the complaint handling process.

Chapter II Complainants

Article 9 Complainants shall be protected by state laws for lodging their complaints.

Complaints shall not harm state, social, and collective interests as well as other citizens’ legitimate rights and interests.

Article 10 Complainants shall enjoy the following rights in lodging complaints:

- (1) Forwarding suggestions and criticism to government administrative organs and staff;
- (2) Forwarding appeals, charges, or accusations to relevant government administrative organs;
- (3) Reporting problems and forwarding demands to relevant government administrative organs;
- (4) Making inquiries of government administrative organs on laws, rules and regulations, and policies;
- (5) Urging relevant government administrative organs to handle complaints as well as demand answers and make repeat checks on complaints in accordance with the stipulated procedure.

Article 11 Complainants shall carry out the following duties while lodging their complaints:

- (1) Abide by the Constitution, laws, and rules and regulations;
- (2) Truthfully report on situations, and not fabricate or distort facts;
- (3) Accept government administrative organs' opinions of handling affairs that conform to laws, rules and regulations, and policies.

Article 12 When problems are reported through letters, the real name, address, and postal zip code of the complainant shall be clearly written. When letters containing accusations, reports on offenders, information, and an appeal are sent to the relevant authorities, the complainant shall clearly write the name of the person or the unit involved, and clearly state the basic facts and the reason for lodging the complaint. This type of letter shall be sent to the relevant government administrative organs, and indiscriminate distribution of them is prohibited.

Article 13 When problems are reported through personal visits, the complainant shall go to the visitor's reception room(s) established by government administrative organs and shall abide by the relevant provisions, safeguard the complaint-lodging order, respect public ethics, and cherish public property.

Article 14 In making personal visits to reflect the wish of a group, a representative shall be selected. In general, the number of representatives is from one to three, and the maximum number is five.

Article 15 When practical problems of a person suffering from a mental disorder need to be solved, a report shall be submitted by the person's relatives, guardian, or trustee.

Article 16 When practical problems of a person suffering from a serious infectious disease need to be solved, a report shall be filed by the person's relatives.

Article 17 The complainant shall abide by the following provisions in lodging complaints:

(1) In making personal visits, the complainant is prohibited from causing disturbances; destroying private or public property; insulting, beating up, trailing, and pestering responsible persons and functionaries of government administrative organs; occupying work places, hampering public affairs, loitering or sleeping in the open near government departments;

(2) The complainant is prohibited from making false documents and data; creating rumors to hoodwink people; swindling people from place to place in the name of making personal visits to government departments to lodge complaints; and deliberately distorting or fabricating facts to frame other people;

(3) In visiting a reception center, the complainant is prohibited from carrying firearms and ammunition, explosives, poisonous objects, controlled cutting tools, and other objects that may endanger public security;

(4) The complainant is prohibited from abandoning old, sick, and handicapped people, or infants and babies at reception centers; and

(5) In the course of paying a visit to reception centers, the complainant is prohibited from putting up small-character or big-character posters, distributing bills, writing complaints on paper and spreading them on the ground for all to see, carrying out a sit-in demonstration, issuing inciting statements, and inciting or organizing the masses to create trouble, to attack government organs and meeting venues, or to intercept public vehicles to hamper traffic.

Chapter III Complaints Handling Organs and Their Staff

Article 18 Government administrative organs of cities, prefectures, and counties (cities, districts) shall establish complaints handling organs, which are staffed by an appropriate number of full-time personnel specialized in handling complaints.

All departments under the government administrative organs of cities, prefectures, and counties (cities, districts) shall establish complaints handling organs, which are staffed by part-time personnel whose official work makes them suitable for handling complaints.

Villages, towns, and neighborhoods shall be staffed with full-time and part-time complaints handling personnel. In places where the amount of work is huge, complaints handling organs shall be established. Villages, towns, and neighborhoods shall establish visits reception offices.

State- and province-controlled large enterprises or enterprises with more than 10,000 staff members and workers shall have full-time complaints handling personnel. If necessitated by needs, they may establish complaints handling organs.

Article 19 Complaints handling organs handle complaints on behalf of their mother organizations and execute the following functions:

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(1) Handling letters and visits, and providing consultation services to complainants;

(2) Explaining the constitution, laws, regulations, rules, and policies to complainants;

(3) Handling complaints transferred by the responsible persons of higher-level or same-level organizations, transferring complaints to be handled by same-level or lower-level organizations, departments, or units, and taking responsibility to supervise and examine the handling of complaints;

(4) Directly handling and arranging complaints-related matters or participating in coordinating such matters;

(5) Assisting the persons in charge of government administrative organs in inspecting and guiding their own complaint-handling work, as well as that of local areas and departments; summing up and sharing their experiences in handling complaints; and organizing training for complaint-handling personnel;

(6) Investigating, studying, and analyzing the state of handling complaints, and promptly furnishing information and making problem-solving suggestions to government administrative organs and the persons in charge of those organs.

Article 20 Government administrative organs shall select politically firm, upright, honest, enterprising, and physically fit personnel who have some legal, economic, general, and scientific knowledge; a fairly strong ability to implement policy; and some experience in mass work to handle complaints. The number of complaint-handling personnel shall be kept relatively stable, and the rational movement of such personnel shall also be permitted.

Article 21 In handling complaints, complaint-handling personnel are entitled to make suggestions, deal with urgent matters, reconsider and coordinate matters that cannot be directed to any department, gather essential evidence, attend relevant meetings, and read pertinent documents.

Article 22 Complaint-handling personnel's personal freedom and safety are protected by law. Local public security departments shall promptly deal with infringements of complaint-handling personnel's personal freedom and safety.

Article 23 Complaint-handling personnel shall study and work hard, dedicate themselves to their duties, observe discipline, abide by the law, show integrity, exercise self-discipline, maintain contacts with the masses, and serve the people.

Article 24 Where a complaint-handling person is related by blood or otherwise involved with a complainant or a party to the complaint, that person shall avoid handling the complaint.

Article 25 In handling complaints, the persons in charge of government administrative organs and their personnel shall observe the following:

(1) Not making things difficult for, discriminating against, and retaliating against complainants; not disregarding complaints; not handling complaints in a perfunctory manner; not shifting responsibility to others; and not stalling on complaints;

(2) Not divulging the secrets of their jobs, not disseminating information whose confidentiality is requested by complainants, not forwarding or leaking information on complaints and accusations to the units and individuals being complained about and accused, and not revealing the names and identities of complainants and accusers without authorization;

(3) Not misplacing, hiding, destroying without authorization, or falsifying information on complaints;

(4) Not abusing their powers to practice favoritism, commit irregularities, extort money, or accept bribes.

Chapter IV Handling

Article 26 Government administrative organs at all levels in the province shall handle the following matters in accordance with their scope of management and duty:

(1) Suggestions and opinions on resolutions and decisions passed by government administrative organs, as well as rules and policies made by such organs;

(2) Suggestions and criticism regarding government administrative organs and their personnel;

(3) Inquiries about relevant laws, regulations, and policies;

(4) Appeals and requests submitted to government administrative organs;

(5) Complaints and accusations against government administrative organs and their personnel;

(6) Other complaint-related matters that fall within the scope of duty of government administrative organs at all levels in the province.

Article 27 A responsibility system whereby different levels are responsible for handling complaints under the centralized management of specialized departments shall be implemented. As a rule, government administrative organs and relevant units shall handle complaints for which they are directly responsible according to the content and nature of the complaints. Complainants' visits shall be handled in an orderly manner according to prescribed procedures. Except for special visits, complaints lodged during general visits shall be forwarded through successive levels locally. Except for special visits—such as those aimed at exposing and accusing government administrative organs and their personnel; those aimed at reporting, criticizing, and making suggestions on important matters; and those necessitated by

unforeseen events—government administrative organs and departments at higher levels shall direct visitors, who have bypassed their counterparts at lower levels, to report to the proper organs or units, and provide proper advice and explanations in this regard.

Article 28 Complaints that overlap shall be handled in the following way:

(1) Complaints that fall outside the scope of duty of local authorities, departments, and units shall be forwarded to units having jurisdiction over them, and the complainants shall be informed accordingly.

(2) Where two or more departments and units are involved in handling a complaint, their common higher authority shall handle the complaint directly or designate who shall handle it. Where a complaint shall be handled jointly, relevant departments and units must send their personnel for this purpose in accordance with relevant requirements.

(3) Where a complaint for which two or more administrative areas are responsible, or for which both an administrative area and the relevant department of the government administrative organ at the next higher level are responsible, the administrative area or department that first receives the letter or visitor shall handle the complaint, and the relevant administrative areas or departments shall actively coordinate their efforts. Where a complaint arouses controversy, it shall be reported to the common administrative organ at the next higher level, which shall coordinate the matter, designate who shall handle it, or deal with it directly.

(4) A complaint that falls under the jurisdiction of a unit formed as a result of merging two or more units, or a unit that separates from a larger unit, shall be handled by the unit that is responsible for the complaint following the merger or separation. Where the unit having jurisdiction over a complaint has been abolished, its higher administrative organ shall handle it directly or designate who shall handle it.

Article 29 Where a complaint shall be settled through arbitration, administrative reconsideration, and litigation, or can be settled through mediation, the complainant shall be advised to lodge the complaint with an arbitration, administrative reconsideration, judicial, or mediation body.

Chapter V Completion

Article 30 Complaints must be handled realistically, discriminatively, and impartially on the basis of facts and in accordance with laws, regulations, rules, and policies. All complaints lodged in accordance with laws, regulations, rules, and policies shall be settled promptly, and they shall not be passed from one organ to another or stalled. Complaints that are not specifically addressed by laws, regulations, rules, and policies but that need to be settled in practice shall be handled on a discretionary basis in accordance with the spirit and letter of relevant

laws, regulations, rules, and policies. Explanations shall be provided, or higher administrative organs shall be approached for help, for complaints that cannot be settled for the time being. Complainants who make excessive or unreasonable demands shall be persuaded through explanations, criticism, or education in accordance with relevant laws, regulations, rules, and policies.

Article 31 Specific requirements for handling complaints of various types follow:

(1) The complainants' reasonable suggestions and legitimate criticisms should be heeded, accepted, and encouraged

(2) A complaint should be investigated and verified, be given a definition of its nature, and be handled correctly; and the complainant should be informed of the conclusion of its handling personally.

(3) A complaint requesting a solution should be studied and its circumstances clarified, and be handled properly.

(4) A complaint containing information or an accusation against somebody should be checked against the facts and handled impartially; and the complainant should be notified of the conclusion of its handling.

Article 32 Units concerned should work out contingency plans for possible visits by group complainants so as to solve problems at their embryonic stage. Group complainants' visits that have already occurred should be personally attended to and handled by responsible persons of government administrative organs; and departments concerned should voluntarily cooperate by performing their functions so as to maintain local stability and to resolve contradictions at the grass roots. The public security department should take the initiative to maintain order and prevent occurrence of new trouble. The communications and transportation department should vigorously assist departments concerned by dissuading group complainants' visits.

Article 33 Anonymous letters should be treated discriminatively. Those with clues should be investigated and taken care of; and those with vague and general contents without specific clues and circumstances can be retained pending handling.

Article 34 When a complainant is found to be suffering from a mental disorder, it is necessary to notify his or her work unit; or a guardian, a close relative, or the local people's government to take him or her back for treatment. Where a problem indeed needs to be solved, the relevant department should help the complainant in a realistic way. A mental patient who makes trouble and disrupts the work order of government administrative units should be promptly handled by the public security department.

Article 35 When a complainant is found to have a serious infectious disease, it is necessary to notify his or her work unit or a close relative to bring him or her back, and

to report the case to the local public health department. Where a problem indeed needs to be solved, it should be handled by departments concerned in accordance with their scope of job responsibilities.

Article 36 The following complaint items should be promptly reported to responsible persons of government administrative organs or complaint-handling organizations at the next higher level:

- (1) Those with fairly valuable rationalization suggestions and opinions;
- (2) Those reflecting aspirations and demands of a certain scale of groups;
- (3) Those containing important information regarding policies, trends, or symptoms of tendencies;
- (4) Those of unforeseen events or major accidents and criminal cases;
- (5) Those concerning major issues of overall interests; and
- (6) Other complaint items that are deemed necessary to be reported promptly.

Article 37 Efforts should be made to ensure that each and every complaint is taken care of and concluded. Complaints directly handled by units having jurisdiction over the complaints should be concluded within one month after receipt of a complaint. Where circumstances are relatively complicated, the handling period can be extended as deemed necessary, but should not exceed three months. Conclusions of the handling should be conveyed to the complainant. Complaints accepted by government administrative organs should be transferred to departments and units at the next lower level for handling within seven days of receipt of complaints. When forwarding complaints to departments and units at the next lower level for handling, administrative organs should comply with relevant procedures, while departments and units handling complaints should conclude them within three months, and should report handling conclusions to the administrative organs. When a complaint cannot be concluded in due time, it is necessary to report to the relevant administrative organ the progress of handling, to explain reasons for delay, and to request an extension to conclude the case.

Article 38 When a complainant refuses to accept, or is dissatisfied with handling conclusions, he or she should promptly request reexamination and review by the handling unit's administrative organ at the next higher level. The administrative organ should give a reply on reexamination and review within two months after receipt of the request. After reexamination and review, when the administrative organ finds the handling unit to have mishandled the case, it should instruct the latter to make rectification; when the administrative organs finds no mishandling, it should uphold the handling conclusions and explain the situation to the complainant. When a

complainant remains unconvinced of, or dissatisfied with the explanation of reexamination and review while failing to submit additional facts and reasons, both the original handling unit and its administrative organ at the next higher level, in general, should no longer take care of the case.

Article 39 Administrative organs forwarding complaints to units at the next lower level for handling should conscientiously examine the handling conclusions. They should concur with conclusions containing clear-cut facts and reasonable solutions; and should return inadequate conclusions with questionable information to the units concerned for re-handling. When necessary, they can look up materials, listen to briefings, supervise or directly take charge of investigation of the case. They can also designate relevant departments and units to handle the case from the beginning. A complaint that is handled for the second time should be concluded within three months.

Chapter VI Legal Responsibilities

Article 40 A complainant, who violates the provisions in Article 17 or commits other acts of disrupting the order of filing complaints, and who fails to respond to education for correction, shall be brought back by the local government or his or her work unit, or be taken into custody by the civil affairs department according to the regulations; and be severely criticized and even face disciplinary sanctions. He who endangers public security shall be handled by the public security organ; where a crime is committed, the judicial organ shall affix criminal responsibility according to the law.

Article 41 Responsible persons or functionaries of government administrative organs, who violate the provisions in Article 25 or commit other acts of violating law and discipline shall be affixed with responsibilities. They shall be educated through criticism or be given disciplinary sanctions, depending on the degree of seriousness; where a crime is committed, the judicial organ shall affix criminal responsibility.

Central-South Region

Guangdong Economy Overcomes 1994 'Difficulties'

HK2312145394 Beijing ZHONGGUO XINWEN SHE
in English 1140 GMT 23 Dec 94

[FBIS Transcribed Text] Guangzhou, December 23 (CNS)—An annual macro-economic report released by the Guangdong Bureau of Statistics revealed that economic development in Guangdong underwent so many difficulties this year mainly because of the implementation of a number of reform measures and the macro-economic regulation policy. Judging from various economic indicators for the entire year, the economy of the province, however, overcame difficulties and proceeded

at a steady pace. The economy tended to be stable and take a turn for the better in the province.

Initial projection showed that Guangdong saw a year round 18 percent gain in the gross domestic product over last year. Fulfillment of several economic indicators was better than expected.

The industrial output value was put at some RMB 480 billion [renminbi] as of last November, or a gain of 25.4 percentage points over the same period last year.

Agricultural production remained stable and showed no sharp decline at a time when serious natural disasters occurred again and again. The total area under cultivation of crops was some 49 million mu in the entire year, a rise of 1.2 million mu over last year. The year round grain yield registered a slight gain, reversing a decline in the acreage under cultivation and in grain yield for consecutive years. Township enterprises maintained their rapid pace of development. It is expected that the year round agricultural output value will be four percentage points up over last year.

Growth in fixed asset investment took a downturn. Input into basic construction and diverted investment totalled RMB 74 billion in the first 11 months of this year, showing a gain of 38.4 percentage points over last year but registering 41.4 percentage points less than the previous growth. Items newly undertaken by late last November were 118 down over the same period last year. Construction of key items ran smooth and investment continues to go to basic facilities and basic industry. It is expected that the fixed asset investment will be 35 percent greater for the entire year when compared with last year.

The gross retail value of consumer goods was RMB 154 billion in the first 11 months of the year or an increase of 11 percent over the same period last year when taking into consideration the price factor. It is expected the year round retail value will grow by 30 percent over last year and the actual gain is put at 10 percent when taking into account the price factor.

The export value was US\$42 billion in the first 11 months of the year, and a 60 percent growth is expected for the whole year. It is expected that utilization of foreign capital will be valued at US\$11.5 billion during this year, registering a 20 percent rise.

Financial revenue grew at a steady pace with a gain of 43 percent in the first 11 months of this year over the same period last year. As of late last November the balance of various kinds of deposits taken by state specialized banks across the province registered a rather big gain over early this year. Withdrawal of cash from circulation proceeded smooth during this year while the foreign exchange market worked well and the exchange rate of the renminbi remained stable with a slight downturn.

The report pointed out that the economy seen in Guangdong maintained a steady gain during this year and

showed improvement to a certain extent. It can be summed up in several points. First, the fixed asset investment was kept under strict control, while the industrial production turned to a steady gain from rapid growth last year. The export trade and introduction of foreign capital tended to grow at a big pace which created conditions for the re-production process. The tense state concerning transport and energy was alleviated to some extent.

Second, the downward trend of short term bank loan was reversed. The amount of cash put into circulation was obviously in decline, while the reserve ratio returned to its normal level. Improvement was seen in the macro-economic order.

Third, reform of various sectors including taxation, finance, foreign trade, investment and price proceeded smoothly.

Fourth, stability was seen in urban living with the balance of savings deposits growing by 23 percent in the first 11 months over early this year. A sample survey showed that per capita income in urban area rose by some ten percent.

The report also pointed out that the most serious economic problem since the beginning of the year was high standing prices. It is expected that the year round commodity retail prices will be 19 percent up and consumer goods prices 22 percent up over last year. Slow development of agriculture, shortage of capital and serious loss made by enterprises were the very problems facing the province.

Guangdong Economic News TV Station Inaugurated

OW2212154994 Beijing XINHUA in English 1501 GMT 22 Dec 94

[FBIS Transcribed Text] Guangzhou, December 22 (XINHUA)—A new television station featuring economic, financial and entertainment programs started broadcasting today in this capital city of South China's Guangdong Province.

Guangdong Economic News TV, which will broadcast eight hours a day from afternoon till late evening, offers a dozen programs including news, financial affairs, information and entertainment. It will have phone-in programs later.

The inauguration of new TV station, which broadcasts in standard Chinese, is expected to make the competition among the other five local TV stations even fiercer.

Guangzhou-Shenzhen High-Speed Railway Begins Service

OW2512030594 Beijing XINHUA in English 0222 GMT 25 Dec 94

[FBIS Transcribed Text] Guangzhou, December 24 (XINHUA)—The Guangzhou-Shenzhen high-speed

railway, the first high-speed railway in China, officially started its passenger service Friday [23 December].

The railway linking Guangzhou, capital city of south China's Guangdong Province, with Shenzhen, a booming coastal city adjacent to Hong Kong, is 147 km long.

According to provincial officials, passenger trains, capable of running 160 km per hour and designed to carry 806 passengers, runs four times a day between Guangzhou and Shenzhen.

Starting from the railway station of Guangzhou at 8:15 (Beijing Time) every morning, the first train will travel one hour and 12 minutes to arrive in Shenzhen at 9:27, saving about one hour of time.

The second train, starting from Shenzhen at 11:05, will arrive in Guangzhou at 12:17.

The third train will start from Guangzhou at 13:48 and arrive in Shenzhen at 15:00.

The last train of the day will arrive in Guangzhou at 17:37, starting from Shenzhen at 16:25.

During the spring festival, starting from 11 January, 1995, the timetable of the trains will be changed accordingly.

According to state officials, the train has two kinds of seats to offer. Price of the first class passenger ticket is 70 RMB yuan and the second class ticket 60 yuan.

Meanwhile, the train also offers whole carriages with cushioned seat with a price of 80 yuan per seat. For foreigners, the price per ticket is 10 yuan higher.

Foreign Trade in Shenzhen Continues To Increase

OW2712095694 Beijing XINHUA in English 0759
GMT 27 Dec 94

[FBIS Transcribed Text] Shenzhen, December 27 (XINHUA)—Shenzhen City of south China's Guangdong Province continues to enjoy a marked increase in its foreign trade this year.

Information from trade-related departments of Shenzhen shows that by the end of November the city had piled up 29.4 billion U.S. dollars in imports and exports, up 25.4 percent compared with the same period of last year.

Of the total foreign trade volume, exports accounted for 15.77 billion U.S. dollars, up 27.2 percent, and imports stood at 13.67 billion. This has helped the city rank high above other large and medium-sized cities in China in total foreign trade volume for two years running.

Li Youwei, Mayor of Shenzhen, attributed the bright achievements in foreign trade to the painstaking efforts the city has made since the beginning of this year.

The city has tried hard to explore overseas markets. During the January-November period, the city approved the establishment of eight businesses in foreign countries, while foreign investors opened 398 offices in the city. It had also signed 74 labor contracts for economic cooperation with foreign countries involving 33.2 million U.S. dollars.

The city has also built a stable long-term export-oriented production base. Of all the products exported this year, 90 percent were locally produced. The city is now exporting 2,000 varieties of industrial products, amounting to 15.5 billion U.S. dollars.

It has set up 1,500 export-oriented agricultural production centers which have exported commodities worth 200 million U.S. dollars since the beginning of this year.

While strictly implementing measures adopted by the central government for reforming the country's foreign trade system, the city has also introduced a series of preferential policies to encourage export-oriented enterprises to export more.

So far, the city has 400 companies which are engaged in general foreign trade, and 6,000 foreign-funded enterprises which have been given autonomy in imports and exports, and more than 10,000 enterprises which are engaged in processing services with client-supplied materials.

Guangxi Party Holds Economic Work Meeting

HK2712092594 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 17 Dec 94

[FBIS Translated Excerpt] The regional party committee and government held a regional economic work meeting in Nanning from 12 to 17 December to relay and implement the instructions of the central economic work meeting, to analyze the current situation, to unify understanding, and to discuss and arrange next year's economic work. At the meeting, Cheng Kejie, Ding Tingmo, and Ma Qingsheng respectively relayed Jiang Zemin's, Li Peng's, and Zhu Rongji's important speeches at the central economic work meeting. Regional CPC Secretary Zhao Fulin made an important speech entitled "Conscientiously Implementing the Instructions of the Central Economic Work Meeting and Ensuring Sustained, Rapid, and Healthy National Economic Development Next Year." Regional Chairman Cheng Kejie made an important speech entitled "Carrying Forward Reform and Maintaining a Good Economic Development Trend in the Region." [passage omitted]

The meeting pointed out: Guangxi has achieved comparatively good results in this year's economic construction and has made new headway in reform, opening up to the world, combating floods, and all undertakings. Guangxi's gross domestic product [GDP] for this year is estimated at more than 100 billion yuan, an increase of approximately 13 percent over last year calculated on comparable prices. Primary industrial production

increased by approximately 3 percent, secondary industrial production by approximately 23 percent, and tertiary industrial production by approximately 11 percent. It is estimated that the peasants' annual per capita net income will increase by 200 yuan over last year.

The meeting set the following guidelines for Guangxi's economic work next year: Upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; comprehensively implementing the instructions of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; seizing the opportunity to deepen reform, widen the opening up scope, stimulate development, and maintain stability—which is the overall interest of the entire party and country; correctly handling the relations between reform, development, and stability; speeding up the establishment of the socialist market economic structure; bringing about sustained, rapid, and healthy national economic development and overall social progress; maintaining the region's economic development rate higher than the country's average and the region's development rate in the 1980's under the prerequisite of ensuring quality and results; and controlling the region's population growth under the rate set by the state.

The meeting decided to initially arrange the region's GDP growth at 11 percent next year and to quadruple the GNP five years earlier. The meeting pointed out the need to fulfill the following 10 points in next year's economic work:

1. Putting agriculture in first place of economic work. Various channels and methods must be adopted to increase agricultural investments. Bad irrigation projects must be repaired as soon as possible and the construction of infrastructural projects for agriculture and farmland water conservancy projects must be strengthened. Comprehensive agricultural development must be carried out under the prerequisite of stabilizing grain acreage and ensuring grain production. Science and technology must be applied to agricultural invigoration so as to develop a high yield, high quality, and highly efficient agriculture. The peasants' legitimate rights and interests must be protected and their burden must be reduced. [passage omitted]
2. Improving economic returns and quality and maintaining a rational industrial growth rate. [passage omitted]
3. Adopting various methods for fund accumulation, including self-accumulation, introducing foreign capital, and carrying out the shareholding system or the shareholding cooperative system.
4. Expediting the construction of sea-bound passageways as well as energy and telecommunications facilities.
5. Widening the opening up scope and making a new breakthrough in introducing foreign capital and developing an export-oriented economy.

6. Developing science and technology and expediting the integration of science and economy to bring about economic prosperity.

7. Controlling price hikes and inflation and taking this as a primary task in macroeconomic control and regulation. [passage omitted]

8. Paying equal attention to economic development and population control and maintaining the region's population growth under the rate set by the state.

9. Making earnest efforts to work out the Ninth Five-Year Plan.

10. Making good arrangements for people's lives in disaster-stricken areas. [passage omitted]

Hainan Makes Progress in Key Construction

OW2512161694 Beijing XINHUA in English 1533
GMT 25 Dec 94

[FBIS Transcribed Text] Haikou, December 25 (XINHUA)—South China's Hainan Province has made great progress in the construction of its key projects in this year.

According to officials from the province, Hainan has engaged in 24 key projects including transportation, power industry, communication system and basic industries, which were estimated to cost 28.8 billion Yuan.

This year, the province has finished 4.6 billion Yuan of the total investment, 600 million Yuan more than the year-plan [as received] and up 80 percent over last year.

The Sanya Phoenix International Airport, opened at July, is one of the projects that accomplished this year [as received]. It was constructed according to the international 4E standard and can handle Boeing 747-400 passenger planes.

The 269-km-long eastern part of the Island-Round Expressway, one of the state's key projects and the southmost part of the state's "three horizontal and two vertical" trunk expressway network, will open to traffic by the end of the year.

Local officials said that this year has seen 19 new airlines, general capacity of 12,000 kw, a plant with an annual production capacity of 100,000 tons of cold-rolled steel, a plant producing 60,000 tons of polyester a year, an expressway from Haikou to Tengqiao, and a power transmission network connecting Tiandu, Sanya, Daguangba, Ermaoling and Basuo, added to the province.

Hunan Party Holds Meeting on Economic Work

HK2712073894 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 15 Dec 94

[FBIS Translated Text] The provincial party committee held a work meeting in its auditorium yesterday morning

to relay the instructions of the central economic work meeting, to sum up this year's work, and to discuss and decide the guidelines for next year's work, tasks, and measures. Chu Bo, deputy secretary of the provincial party committee, presided over the meeting in the morning. Chen Bangzhu, deputy secretary of the provincial party committee and governor, made a work report at the meeting. Yang Zhengwu, deputy secretary of the provincial party committee, made a speech on strengthening leadership groups. Present at the meeting were party and government leaders; people in charge of institutions directly under the provincial authorities; secretaries of prefectural and city party committees; commissioners; mayors; prefectural chiefs; secretaries of county party committees and county chiefs; and people in charge of enterprises directly under the provincial authorities.

In his report, Chen Bangzhu fully confirmed Hunan's great achievements in introducing reform, carrying out development, and maintaining stability this year, saying: Hunan has basically fulfilled the main national economic task, with completion of some Eighth Five-Year Plan targets ahead of schedule. The province's GNP for this year is estimated at 152.9 billion yuan, an increase of 11 percent; local revenues may amount to approximately 7.5 billion yuan; the objective for the provincial and central level taxes of 8.7 billion yuan can be basically achieved through hard work; the peasants' per capita net income has amounted to 1,107 yuan, an increase of 250 yuan, and allowing for price hikes, it is an increase of 100 yuan; the natural population growth rate stands at nine per thousand; all kinds of social undertakings have continued to develop; party building and spiritual civilization have further strengthened; and society remains stable.

After explaining the guidelines for next year's work as well as the main targets of reform and development, Comrade Chen Bangzhu stressed: Inflation must be resolutely curbed and excessive price hikes must be controlled. Grain, cotton, and oil production must be stabilized and developed. The supply of essential products must be increased. Rural economy must be comprehensively developed to increase the peasants' income. These are two major strategic tasks. Agricultural and rural economic development must be speeded up. Reform, reorganization, and transformation must be carried out together to speed up industrial development. Infrastructural construction must be made a success. Human resources must be conscientiously utilized. The opening up scope must be widened. Foreign economic relations and foreign trade must be developed to a new level. Science and education must be integrated with the economy. Scientific research achievements must be put to use. Hi-tech industrial development must be expedited. A good beginning will end well, therefore institutional reform must be carried out well.

Chen Bangzhu pointed out: The key to doing a good job in next year's work is to strengthen party building and to

strengthen and improve party leadership. There is a need to follow the instructions of the Fourth Plenary Session in strengthening the party's ideological, style, and organizational buildups. In the meantime, there is a need to strengthen socialist spiritual civilization and the establishment of the democratic and legal system, to provide an organizational guarantee and create a fine social environment for reform, opening up, and economic development.

At the afternoon meeting, Comrades Yang Zhengwu, Chu Bo, and Wang Keying respectively relayed Jiang Zemin's, Li Peng's, and Zhu Rongji's speeches at the central economic work meeting.

Zou Jiahua Inaugurates Hunan Hydropower Station

OW2512161894 Beijing XINHUA in English 1446 GMT 25 Dec 94

[FBIS Transcribed Text] Changsha, December 25 (XINHUA)—The first generating unit at the Wuqiangxi hydropower station on Yuanjiang River, northwest of Hunan Province, started to generate electricity and connect itself with the power grid late this afternoon after 72 hours' trial operation.

Vice-Premier Zou Jiahua, also a member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), cut the ribbons specially prepared for celebrating the formal generating event.

The Wuqiangxi hydropower station, listed as one of the key construction projects of the Central Government, is located on the lower reaches of the Yuanjiang River in Yuanling County.

According to design, the entire station will install five generating units each with a generating capacity of 240,000 kw, with a total investment of more than eight billion yuan, mainly coming from the Central Government and the provincial Government. When all finished, the station will generate 5.37 billion kw/hour of electricity a year.

The hydropower station, designed by Central China Surveys and Designs Institute, is the largest hydroelectric station in this central China's province. It will also act as an important facility for combating floods and conducting navigation.

Southwest Region

Sichuan Governor Xiao Yang Speaks at Conference

HK2712070294 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 26 Dec 94

[FBIS Translated Text] Sichuan's Economic Work Conference continued yesterday morning [26 December].

Provincial Governor Xiao Yang delivered a speech entitled "Make Concerted Efforts, Build China Into a Prosperous Country, and Strive to Maintain Sichuan's Sustained, Rapid, and Healthy Economic Growth," in which he gave further instructions for Sichuan's economic work in the coming year.

Governor Xiao stressed: Maintaining a moderate economic development and attaining sustained, rapid, and healthy growth of the national economy will continue to be the main theme of Sichuan's economic work in 1995. In the next year, Xiao said, we should work earnestly in the following nine fields: First, focus attention on checking inflation and price hikes, we should strengthen the government's capacity of macroeconomic regulation and control and ensure that price hikes will be markedly lower than this year. Second, center on earning more foreign exchange through exports and attracting more foreign investors, we should further open up to the outside world. Third, focus on stability and increasing incomes, we should comprehensively develop the rural economy. We should be determined to increase input in agriculture and earnestly enhance the building of agricultural infrastructure. Emphasis should be given to rural and agricultural structure; developing high-yield, fine quality, and effective agriculture; giving particular attention to animal husbandry; accelerating the growth of town and township enterprises; and vigorously promote the building of small towns. Fourth, focus on reform of state-owned enterprises, the reforms of other fields should be promoted in coordination. Fifth, center on readjusting structure and increasing efficiency, we should maintain a moderate growth of industry. Sixth, with the emphasis on improving investment setup and increasing returns of investment, we should maintain an appropriate scale of investment. Seventh, center on increasing incomes, retrenching expenses, and invigorating finance, we should do well in financial and taxation work. Eighth, we should continue to implement the regional economic development strategy and promote healthy regional economic growth. Ninth, we should step up efforts to draft the Ninth Five-Year Plan and long-term plan for the next 15 years. Lastly, Governor Xiao Yang emphasized the question of showing concern for the well-being of the masses.

The meeting held yesterday was presided by Pu Haiqing, deputy secretary of the Sichuan party committee and vice governor, in the morning and by Yang Chonghui, deputy secretary of the Sichuan party committee, in the afternoon. Comrades responsible for Chengdu, Deyang, Zigong, Bachuan, Ganzi, and Wanxian also delivered speeches at the meeting.

Tibet Appoints Two New Vice Chairmen

OW2312144494 Lhasa Tibet Television Network in Mandarin 1200 GMT 23 Dec 94

[Announcer-read report; from the "Regional News Hookup" program]

[FBIS Translated Text] I will now read the namelist of appointments adopted by the 12th Session of the Sixth Tibet Autonomous Regional People's Congress Standing Committee on 23 December 1994.

Xiang Yang is hereby appointed vice chairman of the Tibet Autonomous Region.

Sun Qiwen [1327 1477 2429] is hereby appointed vice chairman of Tibet Autonomous Region.

Tibet Attracting Increasing Number of Tourists

OW2412030994 Beijing XINHUA in English 0239 GMT 24 Dec 94

[FBIS Transcribed Text] Kunming, December 24 (XINHUA)—Over 200,000 overseas tourists have been attracted to southwest China's Tibet Autonomous Region by its magnificent scenery and unique Tibetan culture since the early 1980s.

The region has received 30,000 overseas tourists this year and made 10 million U.S. dollars, according to Jigme, an official from the autonomous region's Tourism Administration who is attending the '94 China Domestic Tourism Fair in Kunming, capital of southwest China's Yunnan Province.

The region has opened an international air route to Katmandu, capital of Nepal, and three domestic air routes to Beijing, Chengdu and Chongqing.

The trunk highways linking the region with Sichuan, Qinghai and Xinjiang and roads leading to some 60 scenic spots have been operating with success, according to the official.

The region now has more than 80 tourism-related businesses, including 10 star-class hotels with 1,800 rooms and 35 travel agencies.

The travel agencies have arranged colorful activities for overseas tourists, such as sightseeing, mountaineering, exploration, and attending religious ceremonies and folk dancing performances.

Highways 'Boost Prosperity' in Tibet

HK2412073694 Beijing CHINA DAILY in English 24 Dec 94 p 3

[By Yang Yingshi: "Tibetan Highways Boost Prosperity"]

[FBIS Transcribed Text] Two highways from the remote Tibet Autonomous Region to neighbouring provinces have greatly promoted the development of the isolated province, which is beyond the reach of railway networks, Ministry of Communications officials said.

Tomorrow will be the 40th anniversary of the opening of the Sichuan-Tibet and Qinghai-Tibet highways.

The 2,415-kilometre-long Sichuan-Tibet Highway, which begins in Chengdu, the capital of Sichuan Province, and ends in Lhasa in Tibet, is an important economic connection between Tibet and the southwest provinces.

The Qinghai-Tibet Highway starts from Xining, the capital of Qinghai Province, and ends in Lhasa, covering 1,937 kilometres.

The highways carry more than 90 per cent of the passengers and cargo transported in and out of Tibet, officials said. In the past 40 years, the highways have transported 20 million tons of cargo.

Since the national reforms and the opening up, 700,000 to 900,000 tons of cargo have been transported each year on the highways. In previous years, less than 200,000 tons were transported.

The number of passengers travelling on the roads has reached 400,000 a year, 200 times more than 40 years ago.

In the past four decades, the government has invested more than 4 billion yuan (\$472 million) in the construction and renovation of the highways.

Yunnan Secretary Attends Seminar on Socialism

*HK2712081894 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 14 Dec 94*

[FBIS Translated Excerpt] A Yunnan provincial theoretical seminar on the nature of socialism and the reform of the ownership structure opened in Kunming yesterday. Pu Chaozhu, secretary of the provincial party committee, attended the seminar. [passage omitted]

Centering on some fundamental questions such as what socialism is and how socialism must be built, the seminar discussed the nature of socialism and the reform of the ownership structure. The seminar received 133 thesis.

Pu Chaozhu, secretary of the provincial party committee, spoke at the seminar. China's reform and economic development have entered a new historical period, during which many new problems and new contradictions have arisen. In accordance with the instructions of the central economic work meeting and taking account of Yunnan's specific conditions, Comrade Pu Chaozhu analyzed the province's economic situation and put forward ideas on economic development. Comrade Pu Chaozhu stressed that the new situations and new problems in the province's economic and social development merit full attention. He asked the participants to properly understand the problems emerging in the province's and China's economic development, to conscientiously study and master the instructions of the central economic work meeting, and to make theoretical explorations on difficult problems in actual life so that they can provide service for the provincial party committee's and government's scientific decisions.

Comrade Liang Jinquan, deputy secretary of the provincial party committee, also spoke at the seminar, saying: Conducting theoretical research on the nature of socialism and the reform of the province's ownership structure is a new, major subject in socialist development and the materialization of the second-step strategic change in the province. It requires a profound study by theoretical and practical workers. In the new historical period, Comrade Deng Xiaoping has inherited and developed Marxism-Leninism-Mao Zedong Thought and blazed a socialist road with Chinese characteristics. [passage omitted]

Yunnan Governor on Tobacco Production

*HK2712071694 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 15 Dec 94*

[FBIS Translated Excerpt] At a recent governor's meeting on tobacco production and management, Governor He Zhiqiang stressed: We must conscientiously implement the instructions of the central economic work meeting and work hard for greater achievements in tobacco production and management. After listening to work reports by some relevant leaders, Governor He Zhiqiang said: In 1994 the province has maintained a good development trend in tobacco production and management, thus making great contributions to the implementation of all reform measures, helping us overcome difficulties, and promoting sustained, rapid, and healthy national economic development. Tobacco production, quality, and economic results have made much headway on the basis of last year's great achievements. [passage omitted]

Tobacco exports have created a foreign exchange income of more than \$200 million. The policy on tobacco production is stable and the production order is fine. Facing the new situation, all tobacco enterprises have made great efforts in adjusting the structure, improving quality, and creating brand names. They have taken resolute measures to crack down on imitations of brand names.

Governor He Zhiqiang continued: Next year will be an important period for Yunnan's tobacco production. In next year's economic work, we must take tobacco production as a task of primary importance, conscientiously implement the instructions of the central economic work meeting, further improve our policies and measures, maintain Yunnan's superiority in tobacco, and make further contributions to the country and Yunnan. [passage omitted]

North Region

Beijing Secretary on Supervisory, Inspection Work

*SK2312024594 Beijing BEIJING RIBAO in Chinese
15 Dec 94 p 1*

[FBIS Translated Excerpt] The municipal party committee sponsored a conference on the supervisory and

inspection work from 12 to 13 December, at which Chen Xitong, secretary of the municipal party committee, delivered a speech in which he pointed out: The work of supervision and inspection has a bearing on the great issue of smoothly implementing the CPC Central Committee's line, guidelines, and policies, as well as the policy decisions adopted by the municipal party committee. Leadership at all levels must do a good job in grasping the work by regarding it as a big event. Attending the work conference were Li Zhijian, deputy secretary of the municipal party committee, and Duan Bingren, member of the municipal party standing committee and secretary general of the municipal party committee.

The work conference was held under the situation in which the fourth plenum of the 14th CPC Central Committee and the national economic work conference had clearly defined the guiding ideology, tasks, demands, policies, and measures for the work the party will undertake next year. The central topic discussed at the conference was how to further study and implement the important comment written by Comrade Jiang Zemin on the supervisory and inspection work; as well as how to summarize the experience, to clearly understand the situation, to unify understanding, to define ideas, and to vigorously upgrade the supervisory and inspection work of the entire municipality to a new level, according to the demands set by the municipal party committee and by Comrade Chen Xitong for the work in this regard. [passage omitted]

In his speech Chen Xitong pointed out: The supervisory and inspection work represents a great issue having a bearing on smoothly implementing the line, guidelines, and policies formulated by the municipal party committee; as well as on whether we can turn our plans and resolutions from spiritual targets to material outcome. Work to implement the policy decisions, to handle the problems cropping up in the course of implementation, and to readjust or perfect the policy decisions cannot be divorced from supervision and inspection. They represent not only an important leading link and method, but also an inevitable link in the dialectical process of changing the spiritual targets into material outcome. Bureaucracy will crop up among leaders who have discarded or neglected this link and who will consciously or unconsciously become bureaucrats if they have done so. This is unfavorable for both the country and the people. If leadership at all levels firmly grasp the important link of supervision and inspection, they will greatly upgrade their work efficiency; their bureaucratic work style will show a great decrease; the link between the party and the people will be further tightened; and the prestige of the party and government will be greatly heightened.

As for the issue of how to do a good job in conducting the supervisory and inspection work, Chen Xitong stressed: First, leading comrades should take up the work themselves. Grasping implementation, as well as supervision and inspection, represents the "other half" of work,

which is not to be ignored by leadership at all levels and is more important for them after they have formulated their policy decisions. Only by upholding the principle of "promises must be kept and action must be resolute" can leadership enjoy their prestige. Second, efforts should be made to bring into full play the role of the personnel contingent in charge of the supervisory and inspection work. Supervision and inspection represent, not only a leading act, but also extremely important work for the official departments. Comrades engaging in supervisory and inspection work actually are helpful assistants for leading comrades. Leadership should show concern for them and bring their role into full play.

Lastly, Chen Xitong urged leadership at all levels to resolutely grasp the supervisory and inspection work by regarding it as a big event. He also urged various units to regard the supervisory and inspection work as an important content in formulating their work plans for 1995 and to realistically enhance the work. [passage omitted]

Attending the conference were Wang Zhaoyue, secretary general of the municipal people's congress standing committee; Du Shenwei, secretary general of the municipal Chinese People's Political Consultative Conference committee; principal responsible leading persons from various districts, counties, and departments under the municipal party committee; as well as responsible comrades from various offices—more than 200 persons in all.

Beijing Reports Economic Gains in 1994

OW2312085594 Beijing XINHUA in English 0654
GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—China's capital will score a 13.5 percent rise in its gross domestic product (GDP), the value of goods and services produced, in 1994, according to the Beijing Municipal Government.

The city's GDP is expected to total 101.5 billion yuan this year, a Municipal Government official said.

The official said that Beijing's grain production is expected to reach a record 2.76 million tons in 1995.

Net incomes of Beijing's rural economy are estimated at 21.8 billion yuan in 1995, up 42 percent from last year.

The city's manufacturing industry has increased production and improved economic returns, the official said.

Industrial output value is expected to climb by 20 percent, and profits and taxes generated by manufacturers by 17 percent this year.

Altogether, Beijing's pillar industries—electronics, automobiles and new building materials—and basic industries—metallurgy, machine-building and chemicals—now contribute some 70 percent of the city's industrial output value.

The official said that the city's retail sales are expected to total 67.9 billion yuan this year, up nearly 24 percent from 1993.

The service sector now contributes 47 percent to Beijing's GDP, he said.

Also in 1994, generating units with a combined capacity of 350,000 kilowatts were added, the number of gas users increased by 116,000, and 73 kilometers of new roads and 29 overpasses were built in Beijing.

Inner Mongolia Regional Party Congress Ends

SK2412063794 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 23 Dec 94

[FBIS Translated Excerpt] After successfully fulfilling the items on its agenda, the sixth congress of the Inner Mongolia Autonomous Regional CPC Committee concluded in Hohhot on the afternoon of 23 December. The congress urged Communist Party members across the region, cadres at all levels, and the people of various nationalities, to emancipate their minds; to create something new by seeking truth from facts; to unite as one; to pioneer the road of making progress; and to strive to fulfill the region's second-phase strategic targets; by further rallying round the CPC Central Committee with Comrade Jiang Zemin at the core and under the leadership of the sixth autonomous regional party committee.

Of 597 delegates who qualify to attend the congress, 590 were present and seven were absent because of illness and official reasons. Comrade Liu Mingzu presided over the congress.

Seated in the front row of the congress' rostrum were Liu Mingzu, Wu Liji, Qian Fenyong, Bai Enpei, Wang Zhan, Ting Mao, Wang Duo, Batubagen, Hao Xiushan, Shi Shengrong, Wuyunqimuge, Feng Qin, and Peng Cuifeng. Also seated on the congress' rostrum were other members of the congress' presidium, guests invited to the congress, comrades from the organization department under the CPC Central Committee—including (Bo Lin) and (Wang Yuping), nonparty vice chairmen of the autonomous people's congress, nonparty vice chairmen of the autonomous regional Chinese People's Political Consultative Conference Committee, and responsible persons from various democratic parties.

During the congress, the delegates unanimously approved by a show of hands the resolution on the report made by the fifth autonomous regional party committee at the sixth congress and the resolution on the work report made by the autonomous regional discipline inspection commission during the congress.

Prior to the closing ceremony, the congress held a plenum on the morning that day, at which 590 participating delegates elected by secret ballot the members and alternate members of the sixth autonomous regional party committee, as well as the members of the autonomous regional discipline inspection commission. Fifty-one delegates were elected members and nine delegates

were elected alternate members of the sixth autonomous regional party committee, as well as 33 delegates were elected members of the autonomous regional discipline inspection commission. When the name list of elected members and alternate members was announced, the congress' hall as a whole resounded with warm applause.

On the morning of that day, the presidium of the sixth autonomous regional party congress also held its fifth meeting, at which the participants approved the date of convening the first plenary session of the sixth autonomous regional party committee and the date of convening the first plenum of the autonomous regional discipline inspection commission, as well as approved the conveners in charge of the two first plenary sessions. They also made arrangements for informing the two plenary sessions of the election results.

Prior to the closing ceremony of the congress, Wu Liji delivered a speech in which he stated: Through the common efforts made by all delegates, the sixth autonomous regional party congress successfully fulfilled the designed items on its agenda and was filled with an atmosphere of practicing democracy, seeking truth from facts, and acting in harmony from beginning to end. The congress has finally become a large gathering of uniting as one, rousing the drive of the people, and pioneering the road of making progress. The six-year period from now to the end of this century will be an extremely important stage in the region's development history, in which we will storm heavily fortified points in fulfilling the second-phase strategic targets. Therefore, we are assuming glorious but arduous tasks. [passage omitted]

Attending the congress as observers were members and alternate members of the fifth autonomous regional party committee, former members of the autonomous regional discipline inspection commission, some veteran party-member comrades, and party-member responsible comrades from the departments concerned.

Inner Mongolia's Elects New Party Secretary

OW2512175694 Beijing XINHUA Domestic Service in Chinese 1549 GMT 25 Dec 94

[FBIS Translated Text] Hohhot, 25 Dec (XINHUA)—The First Session of the Sixth Inner Mongolia Autonomous Regional CPC Committee which closed recently elected the standing committee, secretary, and deputy secretaries of the autonomous regional CPC committee.

The election results were as follows: The members of the standing committee of the autonomous regional CPC committee are Liu Mingzu [0491 2494 4371]—former deputy secretary of the Guangxi Zhuang Autonomous Regional CPC Committee, Wuliji (Mongolian nationality), Bai Enpei, Wang Zhan, Uyunqing (female, Mongolian nationality), Yunbulong (Mongolian nationality), Feng Qin [7458 4440], Peng Cuifeng [1756 5050 1496], Han Maohua [7281 5399 5478], Bai Yin (Mongolian nationality), Wan Jisheng [8001 4949 3932], Zhou

Dehai, and Long Ren [7893 0088] (Mongolian nationality). The secretary is Liu Mingzu. The deputy secretaries are Wuliji (Mongolian nationality), Bai Enpei, Wang Zhan, Uyunqing (female, Mongolian nationality), and Yunbulong (Mongolian nationality).

The First Session of the Inner Mongolia Autonomous Regional CPC Discipline Inspection Commission which closed recently elected its standing committee, secretary, and deputy secretaries. The secretary is Yubulong, while the deputy secretaries are Han Wengui (Mongolian nationality), Wang Shangluo [3769 1424 5012], and Sun Xianqian [1327 7359 6197].

Tianjin Free Trade Zone Gains Firms in 1994

OW2312132894 Beijing XINHUA in English 1246
GMT 23 Dec 94

[FBIS Transcribed Text] Tianjin, December 23 (XINHUA)—By the end of November this year more than 2,500 firms from 58 countries and regions had registered in the Tianjin Harbor Free Trade Zone over the previous three years.

The total investment of these firms reached more than 2 billion yuan, according to Wang Haiping, director of the zone's management commission.

As a leading free trade zone in northern China, Wang said, the zone has made breakthroughs in helping overseas businessmen deal with transit trade and relevant export-oriented processing and storage.

Meanwhile, both domestic and overseas firms are enthusiastic about exhibiting their commodities in the zone.

And the expansion of international trade has also promoted export-oriented processing, bonded storage, finance, real estate development and transportation, the director said.

On the other hand, the zone has been putting emphasis on improving its infrastructure facilities to produce a better investment environment.

During the past three years a total of 800 million yuan (about 93.9 million U.S. dollars) has been invested in the zone for this purpose.

Northeast Region

Heilongjiang Secretary on Economic Work

SK2512080394 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 24 Dec 94

[FBIS Translated Text] After a three-day session, the provincial economic work conference concluded in Harbin on 24 December. During the conference on the morning of that day, Yue Qifeng, secretary of the provincial party committee, delivered an important speech entitled "Emancipate Minds, Deepen the Reform, and

Apply New Ideas to Successfully Boosting the State-Owned Large and Medium-Sized Enterprises."

Acting Governor Tian Fengshan presided over the conference on the morning of that day.

Yue Qifeng first elaborated the key problems in the economic work, which will be emphatically dealt with in the next year. He stated: In 1995 we should resolutely control inflation. To this end, it is imperative to bring currency and loan releases under control because they will further intensify the province's situation in fund shortage. Therefore, we should resolutely implement the principle of giving low input; reaping a high yield; encouraging accumulation; approving few construction projects; encouraging more technical renovations; acting according to one's capability; and seeking a change in achieving development. We should persistently suspend or cut a number of projects whose products have no markets and economic results and which have no fund sources to direct the funds to be used in the technical renovation projects whose products use new technologies and have good economic results. Efforts should be made to support township enterprises to achieve development in precise and intensive processing and in high-and-new tech industries, as well as to ensure lower price hikes in 1995 than the national average level.

On the agricultural issue, Yue Qifeng stated: We should truly prioritize the advancement of agriculture in the economic work and stabilize or perfect the household responsibility system. A good job should be done in conducting auction and lease of wasteland in five categories, engaging in the work of improving the medium-and-low yield farmland, and conducting scientific farming and the construction of water conservancy works. Strenuous efforts should be made to develop township enterprises and to accelerate the primary and secondary, as well as the in-depth development of agricultural resources, so as to strive to reform the province again by the end of this century in the fields of developing or utilizing the state territory and of the economic aggregates of rural areas.

Yue Qifeng stressed: In 1995 we should deepen the reform in the economic systems by emphasizing state-owned large and medium-sized enterprises. He stated: General demands for how to boost state-owned large and medium-sized enterprises are to further emancipate minds; to foster the overall idea of actively opening the second battlefield of economic development according to the principle in which by no means should we slacken our efforts in the first battlefield; to follow the road of creating something new in systems, optimizing the structure, and conducting intensive farming by practicing economy; to persistently make associated progress among enterprises reform, social security, market development, macro readjustment and control, and organizational reform; to simultaneously carry out systematic reform of enterprises, enterprise reform and reorganization, and the enhancement of enterprises' leading bodies;

to make efforts in both handling the external debts and enhancing the internal management; and to do a good job in storming heavily the fortified points of boosting the state-owned large and medium-sized enterprises.

Yue Qifeng pointed out: The vital part of boosting state-owned large and medium-sized enterprises is to avoid the limitation in which only state-owned enterprises are responsible for grasping their affairs and to support the program of boosting state-owned large and medium-sized enterprises from the view of the overall situation in the national economy.

Yue Qigeng stated: The reasons for the province's failure in boosting the state-owned large and medium-sized enterprises mainly are that the proportion of various-ownership enterprises—including township and tertiary industrial ones—in the national economy is too small, which has enabled the large and medium-sized enterprises to assume overly heavy burdens in finance and taxes and enabled them to lose their capability of self renewal and improvement. Therefore, we have to actively open the second battlefield of economic development; and to create new growing points by vigorously developing township enterprises, district-and-neighborhood-run enterprises, tertiary industrial enterprises, civilian-run scientific and technological enterprises, individual-run and privately-owned enterprises, three categories of foreign-funded enterprises, industries in petroleum-timber-coal productive areas in charge of turning out substitute products, industries in charge of intensively processing natural resources, and export-oriented enterprises. We should score marked achievements in promoting the economy throughout the province to show an increase and in increasing economic results. The experience gained by the advanced provinces in this regard has very satisfactorily proved the effect.

Yue Qifeng stressed: We should open the second battlefield of economic development by making a breakthrough in the outdated systems of state ownership and conducting reform in the styles of ownership and in the readjustment of ownership structure. We should explore an effective way to integrate the state ownership with the market economy. Among the forms of conducting reform in the state ownership, entrusted management may be a better outlet in view of the current situation. In 1995 we should make up our mind to conduct the pilot work of inviting tenders to select a large number of plant directors or managers with good political quality and high productive and managerial levels to assume entrusted management. Efforts should be made to change the pattern where there are barriers between higher and lower levels and the pattern of achieving simultaneous development with one level. We should expedite the readjustment and reorganization of state-owned enterprises and carry out associated renovations among them. By approaching foreign countries, coastal regions, and the state-owned foreign trade enterprises, we should ensure the fulfillment of the tasks of conducting technical grafting and renovations among 100 large and medium-sized enterprises. We should also select a large

number of outstanding and backbone enterprises and of brisk-sale products across the province to enforce concentrated input and emphatic support among them and organize or direct numerous medium-sized and small enterprises to draw close to the production of them. The provincial people's government has initially formulated a plan for enforcing the input and support policies among five large industries and 10 industrial bases. In next step, the people's government will have the plan be further appraised in the Ninth Five-Year Plan period. Governments at all levels should enforce special policies in the fields of succeeding in formulating plans, carrying out coordination among organizations, issuing support policies, and particularly in giving input to associated renovations.

Yue Qifeng also systematically elaborated the measures and means of boosting the large and medium-sized enterprises from the angle of improving the traditional management styles; opening the second battlefield in the diversified economy, opening-up business, and intensive farming; upgrading the quality and effect of enterprise development; helping enterprises deal with their debts through comprehensive associated measures, including the opening of the second battlefield; realizing new mechanism in which the political work is separated from enterprise management and the government administration is separated from the capital; promoting social security; and enhancing the enterprise management.

Acting Governor Tian Fengshan delivered a summary speech at the conference, in which he put forward specific demands for various prefectures and cities to implement the spirit of this work conference.

Attending the conference were provincial leading personnel, including Shan Rongfan, Meng Qingxiang, Yang Guanghong, Li Qinglin, Suo Changyou, Cong Fukui, Sun Kuiwen, Zhou Tienong, Yang Zhihai, Wang Songzhang, and Ma Shujie.

Attending the conference to listen to the speech by Yue Qifeng, secretary of the provincial party committee, were plant directors or managers from the state-owned large and medium-sized enterprises across Harbin city.

Liaoning Official's Family Planning Report

SK2712105394 Shenyang LIAONING RIBAO in Chinese 14 Dec 94 p 3

[FBIS Translated Text] On 24 November, at the 11th standing committee meeting of the eighth provincial people's congress, Vice Governor Zhang Rongming delivered a "report on the province's situation in family planning work."

In her review of the province's situation in family planning work since the Eighth Five-Year Plan period, Zhang Rongming said: On 23 May 1991, the 22nd standing committee meeting of the seventh provincial people's congress listened to and examined the reports delivered by the provincial government concerning the

province's situation in family planning work during the Seventh Five-Year Plan period and concerning the opinions on population control during the Eighth Five-Year Plan period. On 25 May, that meeting adopted the "Resolution of the Liaoning Provincial People's Congress Standing Committee on Further Strengthening Population Growth" (hereafter called the "resolution"). Over the past four years, the province has achieved new results in population and family planning work under the leadership of the provincial party committee and the provincial government and under the great support and supervision by the provincial people's congress and its standing committee. Meanwhile, the province has satisfactorily fulfilled the state-assigned population control target. Now, Liaoning has become the province of the modern population reproduction type characterized by a "low birthrate, low mortality, and low natural growth rate" and is the earliest province in the country that shifted from the young-type population to the adult-type population. The province's average annual birthrate over the past four years has been 11.33 per thousand; the natural growth rate, 6.07 per thousand; the birth control rate, 98.7 percent; and the overall child-bearing rate of women, 1.4. Liaoning has always been listed by the state as one of the first-class family planning provinces.

Then, Zhang Rongming reported the situation in implementing the "resolution" of the provincial people's congress standing committee from five aspects:

1. The vast numbers of cadres and masses have enhanced their understanding of the importance and urgency in strictly controlling population growth. Over the past four years, by regarding it as the major foundation and key link of the overall work, the province has paid attention to strengthening the education on the population situation to enable numerous cadres and masses to further understand how important and urgent it is to strictly control population growth. As a result, comparatively remarkable achievements have been scored. In each of the past four years, all localities have launched extensive activities to propagate family planning. The broad masses of the people have further changed their concepts of marriage and child-bearing, and even more people have been conscious in implementing the fundamental national policy and in practicing family planning.

2. The leadership over family planning work has been strengthened. Over the past four years, the principle that top party and government leaders personally take a hand in and assume overall responsibility for family planning work has been implemented. Most top leaders of party committees and governments at all levels have personally arranged for family planning work, and have gone deep into realities to conduct investigations and studies to resolve difficult and much-debated issues concerning family planning work.

Leading comrades of party committees and governments at all levels have laid extremely great emphasis on the basic work at the grass-roots level, and 96,000 family

planning central households in rural areas have become the solid "foundation" of the family planning network. These central households have developed themselves toward the orientation of serving child-bearing, production, and livelihood, have served as the bridge to link the party and government with the masses during the new period, have made population develop in coordination with the economy and society, have promoted the building of up-to-standard family planning villages, and have promoted the activities of raising the position of women and building civilized villages and families.

3. Family planning work has begun embarking on the orbit of administration according to laws. Thus far, the province has attained the goal that the province is provided with "regulations," cities are provided with detailed rules of implementation, counties and districts are provided with administration methods, townships and towns are provided with standardized documents, villages (neighborhood committees) are provided with treaties, and households are provided with contracts. Therefore, we can say that the province's family planning work has begun embarking on the orbit of administration according to laws.

4. The system of population quota management and responsibility has been carried out earnestly.

5. Governments at all levels have conscientiously resolved the practical problems with regard to family planning work. Over the past four years, governments at all levels have done several tangible things for family planning work. Last year, the province's per capita family planning allocations amounted to 1.66 yuan. In organizational restructuring, governments at all levels have generally paid attention to keeping family planning departments stable and to strengthening the building of the ranks of family planning cadres. Over the past four years, some 2,000 family planning workers in rural areas have been given urban residence registration.

With regard to the problems existing in the province's population and family planning work, Zhang Rongming pointed out: First, leading comrades in some areas and units lack an understanding of the arduousness and long duration in controlling population growth. Second, the work at the grass-roots level in rural areas has developed unevenly and some backward townships and towns and backward villages remain. Third, in the process of building the socialist market economic system, the difficult point of family planning work is shifting to urban areas. Fourth, some exaggeration remains in the figures of vital statistics. Fifth, the input in family planning appropriations is seriously insufficient, thus affecting the amount of birth-control operation and the building of professional work.

When speaking of the major tasks and measures on the province's family planning work in the future, Zhang Rongming said: The population plan for the "Eighth Five-Year Plan" period and the population planning targets for the next 10 years assigned by the state to the

province are: During the Eighth Five-Year Plan period, the province's population should register a net increase of 2.18 million persons, or an annual average increase of 436,000 persons. By the end of 1995, the total population should be controlled within 41.85 million. During the Ninth Five-Year Plan period, the net increase in the province's population should be 2.15 million persons, and by 2000, the total population of the province should be controlled within 4.4 million persons.

To fulfill the population plans for the last year of the Eighth Five-Year Plan period and for the Ninth Five-Year Plan period, the province has decided to adopt the following major measures:

1. Leading comrades of all localities and all departments should be mobilized to continuously and earnestly propagate and implement the guidelines of the fourth family planning work forum held by the CPC Central Committee and the State Council and to firmly grasp family planning work.

2. The basic work at the grass-roots level should be strengthened continuously, the principle of orienting family planning to child-bearing, production, and livelihood should be carried out comprehensively, and the family planning central households should be consolidated and improved.

3. Efforts should be made to manage family planning work according to the law and in a civilized manner and to further improve work methods.

There are more than 27,000 family planning associations of various levels in the province, embracing a total membership of 4.5 million persons. Such a huge mass group has played an important role in propagating, educating, serving, and supervising family planning work. From now on, we should give positive support to all levels of family planning associations in the province and to the vast numbers of their members in order to enable them to serve as the bridge to link the party and the government with the masses at the child-bearing age in the fields of self-education, self-control, and self-service.

She stressed in conclusion: All levels of governments should further implement the laws and regulations related to family planning under the supervision and support of people's congresses and their standing committees of the same level, and should summarize experiences and make explorations and innovations to fulfill the provincial population control target and make new contributions to the second pioneering program of Liaoning.

Air Force Confirms Unsuccessful Plane Hijacking*OW2312142094 Taipei CNA in English 1337 GMT
23 Dec 94*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Dec. 23 (CNA)—Civil aviation sources here on Friday [23 December] confirmed an unsuccessful plane hijacking from mainland China to Taiwan in the afternoon.

The sources said the plane was kept under strict surveillance by the Air Force's radar system from the time a tracking signal was received until the plane landed at the mainland Xiamen airport.

The passenger jetliner, which also took off from Xiamen at 1:13 P.M. en route to Nanjing [words indistinct] at 1:34 P.M., they pointed out.

The plane then reversed direction, passing through the skies above Kinmen Island and returning to Xiamen at 2:35 [words indistinct].

While flying toward Taiwan, the plane did not pass over the middle of the Taiwan Strait, they noted.

Further Report on Hijack Attempt*OW2512111094 Taipei Voice of Free China in English
0200 GMT 25 Dec 94*

[FBIS Transcribed Text] A mainland airliner carrying 63 people was hijacked on Friday [23 December] and ordered to fly to Taiwan. But it abruptly returned to the mainland after the hijacker was overpowered. The hijacker was arrested when the Russian-built Yak-42 belonging to China (Dongyang) Airline returned to the coastal city of Xiamen.

The plane carrying 52 passengers and 11 crew was flying from Xiamen to Nanjing when it was hijacked. Civil Aeronautics Administration said the Taiwanese Air Force spotted the Chinese plane on radar off Matsu Island at 1:50 P.M. [0550 GMT]. The plane then suddenly reversed direction, and flew south toward Xiamen.

Twelve planes have been hijacked from China to Taiwan since April 1993. The hijackers have received prison terms ranging from six to 13 years.

Mainland Fisherman Killed in Offshore Shooting*OW2312145594 Taipei CNA in English 1410 GMT
23 Dec 94*

[By Benjamin Yeh]

[FBIS Transcribed Text] Kinmen, Dec. 23 (CNA)—Troops on this offshore island on Friday [23 December] fired at a mainland sampan intruding into territorial waters, accidentally killing one of the four fishermen on board.

The incident occurred at about [words indistinct] the troops saw the fishermen from the mainland province of Guangdong using dynamite to [words indistinct] only a few hundred meters from the island. The troops then fired warning shots, the militia said. Before long, the [words indistinct] a white cloth asking for emergency help. The injured fisherman, Ran Zhungkei, 32, died shortly after he was rushed ashore for treatment.

The military said it regretted the incident, but asked that the issue be handled according to government procedures [words indistinct] for the semi-official Straits Exchange Foundation (SEF), said he was shocked on learning of the fisher's death. The SEF is authorized by the government to handle private exchanges with the mainland in the absence of official contacts.

[Words indistinct] will decide on necessary steps to take after a full investigation.

New Defense Minister on Military Preparedness*OW2412105694 Taipei Voice of Free China in English
0200 GMT 23 Dec 94*

[FBIS Transcribed Text] Newly appointed minister of National Defense Chiang Chung-ling Wednesday [21 December] pledged to modernize and streamline the ROC's [Republic of China] defense while holding to the Constitution regardless of which political party was in power.

Chiang laid out the military's priority in his first report to the Legislative Yuan which includes the purchase of U.S. F-16 and French Mirage fighters ordered over the past two years. Chiang said the government here has been actively pursuing present development of the cross-strait ties, but the Chinese communists have been radically strengthening their military preparedness, increasing a serious threat to the safety of the island. Chiang said he will follow the Constitution strictly regardless of which party is in the ruling position. He said the ROC armed forces base their actions on the Constitution.

Chiang was appointed to replace Sun Chen as head of the military in last week's cabinet shakeup. Since Chiang is a former commander in chief of the Army and most recently personal chief of staff to the president, his appointment means a return to the traditional military man heading the military.

Indigenous Fighter Squadron To Be Commissioned 28 Dec*OW2612091894 Taipei CNA in English 0823 GMT
26 Dec 94*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Dec. 26 (CNA)—The first squadron of Taiwan-built jet fighters will be commissioned Wednesday [28 December] to beef up Taiwan's air defense capabilities, Air Force sources said.

Premier Lien Chan will preside over the commissioning ceremony for the Indigenous Defense Fighters (IDFs) to be held at the Chingchuankang military base in Taichung, central Taiwan.

The squadron, comprising 22 gray-color IDFs, will be integrated into Taiwan's air defense system to maintain peace and stability in the Taiwan Strait, the sources said.

IDFs, also known as Ching Kuo fighters in memory of the late President Chiang Ching-kuo, are patterned after U.S.-made F-16 fighters. They can carry many different types of weapons, including locally-developed Tien-Chien I and II missiles, as well as MP-82, MK-84, CBU-20 bombs and other armaments.

Noting that IDFs are multifunctional, high-performance aircraft, the sources said the first IDF squadron will initially focus on high-altitude interception.

The IDF was developed by local aviation experts and engineers from the military-run Chungshan Institute of Science and Technology (CIST). All fuselage components and parts, 50 percent of engine components and 30 percent of avionics parts are locally made, the sources said.

IDFs have so far undergone more than 2,000 test flights and their combat performance has met military requirements and expectations.

Military authorities originally planned to produce 250 IDFs, the number was later cut to 130 as the United States and France have agreed to sell 150 F-16s and 60 Mirage 2000-5s to Taiwan respectively.

The Aero Industry Development Center, a CIST affiliate which is responsible for producing IDFs, is scheduled to deliver all the remaining 108 IDFs to the Air Force by the end of 1998. All IDFs will be grouped into six squadrons which will be deployed at military bases in central, southern and eastern Taiwan.

MAC Chairman Says Talks Due 'Before February'

OW2512132294 Taipei Voice of Free China in English 0200 GMT 25 Dec 94

[FBIS Transcribed Text] Chairman of the Mainland Affairs Council [MAC] Vincent Siew [Hsiao Wan-chang] said Saturday [24 December] morning that the third vice-chairman-level talks between the Straits Exchange Foundation [SEF] and the mainland's Association for Relations Across the Taiwan Strait [ARATS] will be held before February next year.

On Friday [23 December], the MAC also relaxed the restrictions on visits by mainland Chinese journalists and reporters who are members of the National People's Congress. They will be permitted to come to Taiwan for the first time.

The Mainland Affairs Council deputy secretary general Kao Kung-lien said at a news conference on Friday that all media-related application forms will be simplified, and processing time will be shortened from two months to one month. Requirements will also be made more lenient. Kao said in the past applications from mainland reporters had to be presented through an established Taiwan media institution or the Government Information Office. Under the new regulations, mainland reporters may be represented by the SEF's in-house magazine.

'Experts' Review 1994 Cross-Strait Ties

OW2712082994 Taipei CNA in English 0732 GMT 27 Dec 94

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Dec. 27 (CNA)—Though marred by some negative developments, both sides of the Taiwan Strait continued their march towards closer cooperation and increasing exchanges in 1994, mainland affairs experts here said Tuesday [27 December].

The experts pointed out that on top of the negative factors adversely affecting the cross-strait relationship was Beijing's bungling of the Qiandao (Thousand Island) Lake boat disaster, in which 24 Taiwan tourists along with six mainland crew members and two guides, were robbed and killed aboard a cruise ship on March 31. Most of the bodies were burned beyond recognition.

Mainland authorities initially withheld information on the cause on the disaster and refused to give Taiwan reporters access to the site. They performed autopsies on the bodies without consulting relatives of the victims and restricted the movement of the grieving relatives who rushed to the site after the disaster.

Taiwan people were then roused to anger by Beijing's inept handling of the disaster and suspended various exchanges with the mainland. The uproar finally subsided after the criminals were seized.

Beijing's blocking President Li Teng-hui from attending the opening ceremony of the Hiroshima Asian Games in September and the leadership meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Jakarta in November also hurt cross-strait ties, the experts noted.

Taiwan, however, still managed to post a brilliant performance in its external relations under Beijing's callous and relentless pressure, they elaborated. Vice Premier Hsu Li-teh attended the [word indistinct] Asiad in Hiroshima and Vincent Siew, then chairman of the Council for Economic Planning and Development, represented President Li at the informal APEC summit.

In addition, they said, the us government announced in September a set of policy adjustments toward Taiwan,

allowing high-level economic, commercial and cultural exchanges between officials of the two countries, which were previously prohibited.

The mainland's sustained military threat against Taiwan was another negative element influencing cross-strait ties, they stressed. Noting the mainland has not renounced the use of force against Taiwan, they said that Beijing conducted a series of military exercises along the mainland's southeast coastal area, which is opposite Taiwan.

Despite all the negative factors, they said, progress was made on the cross-strait relationship.

The Taipei-based Straits Exchange Foundation (SEF) held three rounds of technical level negotiations with its mainland counterpart, the Association for Relations Across the Taiwan Strait (ARATS), this year—in January, August and November respectively, while Vice Chairman Chiao Jen-ho and ARATS Vice Chairman Tang Shubei also met in Beijing in January and in Taipei in August.

SEF and ARATS are semi-official organizations established by Taipei and Beijing respectively to handle cross-strait affairs.

Initial agreement on the repatriation of hijackers and illegal immigrants as well as fishery disputes has been reached during these talks, the experts noted.

Moreover, they said, while Beijing approved the investment protection law for Taiwan investors in March and held a meeting on economic ties with Taiwan in April in a bid to strengthen cross strait trade exchanges, Taipei appointed Vincent Siew, an old hand in economic affairs, as chairman of its Mainland Affairs Council in a cabinet reshuffle early this month.

All the developments will certainly benefit cross-strait trade and investment ties, which are also closely linked with both sides' bids to enter the General Agreement on Tariffs and Trade and Taiwan's ambition to become an Asia-Pacific business operations center, they pointed out.

Commenting on prospects for cross-strait ties, they said that they saw coexistence between confrontation and exchanges on the political front and between cooperation and competition on the economic front.

Senior Trade Official Expects Spring GATT Entry

OW2612140794 Taipei CNA in English 1313 GMT
26 Dec 94

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Dec. 26 (CNA)—A ranking trade official said on Monday [26 December] that Taiwan is expected to join the Geneva-based General Agreement on Tariffs and Trade (GATT) in the spring.

Huang Yen-chao, director-general of Board of Foreign Trade (BOFT), said the government had hoped to join GATT before the end of this year, thus making Taiwan a founding member of the World Trade Organization (WTO) when it is formally established in [words indistinct].

"Although a great majority of European Union members want to see Taiwan admitted into GATT immediately, the delays in negotiations have made the goal an undesirable [as received] dream," Huang said in an interview with CNA.

Taiwan applied to the world trade regulatory body in 1990 under the title of "customs territory of Taiwan, Penghu and Kinmen and Matsu."

The GATT secretariat has made it clear that GATT applicants still can be regarded as WTO founding members if they complete membership negotiations before June.

Huang, who has been responsible for Taiwan's technical-level negotiations with other GATT signatories, defended the government's efforts to bring Taiwan to the doorstep of the international organization. "Taiwan will benefit not only by promoting ties with the 129 contracting parties, but by participating in more international organizations," he said.

Huang also said Taiwan's presence in the Asia-Pacific Economic Cooperation forum has allowed it to have ministerial-level contacts with 17 countries it does not have official diplomatic relations with.

Huang, 60, who will assume the post as the ROC representative to Belgium on Jan. 10, said he will try his best to bring in sophisticated high-technology sorely needed by Taiwan.

Huang joined the Ministry of Foreign Affairs in 1961 and subsequently served as a secretary to the ROC embassy in Italy and the director-general of the Bureau of Commodity Inspection & Quarantine before he was named BOFT director-general in 1993.

Official Says GATT Membership To Upgrade Status

OW2712074094 Taipei CNA in English 0712 GMT 27
Dec 94

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Dec. 27 (CNA)—Taiwan's entry into the Geneva-based General Agreement on Tariffs and Trade (GATT) will help it boost its international status and also expand bilateral ties, Director-General Huang Yen-chao of the Board of Foreign Trade (BOFT) said Tuesday [27 December].

Huang said Taiwan hopes to complete all negotiations with GATT contracting parties by next spring and

smoothly become a member on the World Trade Organization (WTO) before next June.

Huang is scheduled to step down as BOFT chief and officially assume the post of the Republic of China [ROC] representative in Belgium on Jan. 10, 1995.

During an interview with CNA, Huang detailed his future working direction and how GATT membership will influence Taiwan's foreign ties.

Huang said European countries have always played a leading role on the world stage, and even the United States is not free from influence by Europe. He added that Europe's high-tech exports will soon become the main source of Taiwan's high technology.

After he becomes the ROC representative in Belgium, Huang will combine traditional foreign diplomacy with economics and trade to fully develop substantial trade and foreign ties with European countries, Huang noted.

The government originally hopes to join the GATT before the end of 1994, however, the slow negotiations delayed membership. Nevertheless, he said, [word indistinct] European nations support Taiwan's GATT membership.

The GATT secretariat said that if Taiwan can complete talks with GATT contracting parties, it will be treated as a founding member of the WTO.

Huang said since the ROC withdrew from the United Nations in 1971, it has been seriously stricken internationally. But through its economic and trade achievements, the ROC has captured the respect of the international community. Despite difficulties with official contacts, the government can still hope to revive participation in international organizations, he added.

Huang, who has been involved in foreign diplomacy and trade for [word indistinct] years, said since the ROC joined the Asia-Pacific Economic Cooperation forum (APEC) four years ago, Taiwan has greatly upgraded its international status through official contacts with the 17 APEC member countries.

Compared with APEC, the 129-member GATT is not only more important but also larger in economic scale, Huang said, adding that once Taiwan joins the GATT, Taiwan can effectively promote bilateral ties with foreign countries. This is positive and significant for Taiwan, he said.

Taiwan will try to join the World Bank, the International Monetary Fund (IMF) and the United Nations after obtaining GATT membership, Huang added.

U.S. Representative Interviewed on Taiwan's Future
OW2612233394 Taipei CNA in English 0842 GMT
26 Dec 94

[By Huang Chen-chen and Sofia Wu]

[FBIS Transcribed Text] Taipei, Dec. 26 (CNA)—The United States will continue to support Taiwan's defense needs in accordance with the Taiwan Relations Act [TRA], the American representative in Taiwan said Monday [26 December] in an exclusive interview with CNA.

B. Lynn Pascoe, director-general of the Taipei office of the American Institute in Taiwan (AIT), which represents U.S. interests here in the absence of formal diplomatic ties between the two countries, also said he doesn't think that Mainland China poses an "immediate, direct" threat to Taiwan's national security.

Pascoe said Taiwan's security is founded on several major factors, including Taiwan's military build-up by purchasing foreign-made advanced armaments and equipment; stability in U.S.-Mainland China relations; and gradual rapprochement between the two sides of the Taiwan Strait through increasing commercial and civilian exchanges.

The former U.S. deputy assistant secretary of state for East Asian and Pacific Affairs said America has been a longtime supporter and friend of Taiwan. "We have consistently provided Taiwan with adequate defense weapons in accordance with the TRA and will continue to do so in the future," he stressed.

Pascoe further said he finds cross-Taiwan Strait relations have grown positively during the past few years through regular consultations between the two semi-official intermediary organizations—Taipei-based Straits Exchange Foundation and Beijing's Association for Relations Across the Taiwan Strait.

Commenting on the controversial doomsday book "War of the Taiwan Strait—Taiwan's Fall Day," which says Beijing might invade Taiwan in August 1995 to crush pro-Taiwan independence forces here, Pascoe said the forecast was too arbitrary and not well-founded.

In fact, Pascoe said the situation in the Taiwan Strait is becoming ever more stable, not unstable.

Noting that the author of the book has apparently overlooked the above-mentioned decisive factors for Taiwan's security, Pascoe said the book has failed to reflect the reality of the general world situation.

Pascoe further said Taiwan residents tend to treat the issue of a possible Beijing military attack with a pessimistic approach. "So, a book like 'War of the Taiwan Strait' has been selling very well here," he said.

Pascoe said he has a totally different observation of Taiwan's future. "My observation is that Taiwan's economy is in good shape, its defense system is sound and democratic reforms have also proceeded smoothly."

Against this background, Pascoe said, people of Taiwan have no reason to be pessimistic and should be confident in their country's future.

On future Taiwan-U.S. relations, Pascoe said the Clinton administration is expected to send more high-ranking officials to visit Taiwan following the moderate adjustments of U.S. policy toward Taiwan in September.

He added the U.S. will continue to support Taiwan's bid to join in major international organizations that are in interest of the two countries. [sentence as received]

Firms Successfully Diversify Capital Sources

*OW2712091194 Taipei CNA in English 0719 GMT
27 Dec 94*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Dec. 27 (CNA)—Taiwan companies have successfully edged into major world financial markets to raise funds for their business expansion plans during the past year, the Securities and Exchange Commission (SEC) reported Tuesday [27 December].

The commission has so far this year approved 20 applications by publicly listed companies to float convertible bonds (CBs) abroad to raise funds equivalent to about NT\$ [New Taiwan dollars] 52.[number indistinct] billion (U.S.\$1.98 billion). The CB were denominated in American, Swiss and Japanese currencies.

During the same period, the SEC also approved eight applications by listed firms to issue global depositary receipts (GDRs) to raise about NT\$15.3 billion (U.S.\$582 million) in funds for their new investment

projects. GDRs are certificates issued by Taiwan companies to foreign buyers as a convenient substitute for direct ownership of their stocks.

The approved amount was a record since Taiwan allowed its companies to issue foreign currency-denominated convertible bonds and GDRs in the early 1990s, SEC officials said.

Although some companies failed to raise as much as they had hoped, the officials said, the accumulated amount of funds raised from abroad so far this year has still broken all previous records.

The officials further pointed out that funds raised by listed firms from domestic securities market this year have exceeded the capital raised through CB and GDR issues by only about 50 percent.

In the first half of this year, the officials said, international interest rates, particularly U.S. interest rates, were generally lower than domestic levels. As a result, several blue-chip firms which needed capital for business expansion projects, such as United Microelectronics Corp., Nan Ya Plastics Corp. and Taiwan Semiconductor Corp., have sought to raise funds from overseas money markets by issuing greenback- or Swiss franc-denominated CBs to cut capital costs.

However, the world financial situation has gradually changed since the second half of this year, with the U.S. [words indistinct], the officials said. Fewer local listed firms are expected to issue CBs or GDRs to raise funds abroad in the coming year.

Hong Kong

PWC Achieves 'Notable Results' Since 1993

OW2312155394 Beijing XINHUA in English 1540
GMT 23 Dec 94

[XINHUA Roundup: "PWC for Hong Kong SAR Makes Initial Progress"]

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—The Preliminary Working Committee (PWC) for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) has achieved notable results since it was established in mid-1993.

The PWC has discussed a wide range of topics concerning the interests of Hong Kong residents as well as power transfer over the past one and half years.

The committee's political panel has put forward detailed proposals for the establishment of the SAR Preparatory Committee, formation of the selection committee for the first SAR government and selection of the first chief executive. It has also made proposals for the setting up of the provisional legislative council.

The PWC's economic, legal and cultural panels raised suggestions on the pegged exchange rate system of the H.K. dollar to the U.S. dollar, policies concerning Hong Kong's real estate market and on the retirement pension scheme, the implementation of existing laws in Hong Kong to be used in the future SAR and coordination of infrastructural projects between Hong Kong and the mainland.

Local observers said the work of the PWC has paved way for operation in the early stage of the future preparatory committee and laid a solid foundation for the resumption by China of the exercise of sovereignty over Hong Kong.

Serving as a bridge between Hong Kong and the mainland, the PWC has solicited the opinions and suggestions of Hong Kong residents and passed them on to the Chinese government.

In May this year the mainland PWC members of the political and economic panels organized a visit to houses of residents in the New Territories of Hong Kong to get first-hand information on ordinary residents' living conditions.

During the October-November period of this year, the economic panel held seminars in Hong Kong on the pegged exchange rate system and on the economic and trade co-operation between Hong Kong and the mainland. Specialists in various fields and government officials in Hong Kong were invited to both occasions.

Public opinion in Hong Kong holds that the PWC links the Hong Kong residents to the central government of China.

The British Hong Kong authorities adopted an uncooperative attitude toward the PWC when it was founded, and belittled its status and function.

However, Hong Kong Governor Chris Patten claimed to be willing to cooperate with the preparatory committee to be set up in 1996, in his constitutional report issued not long ago.

While welcoming Patten's speech, Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, urged the British side to do something concrete to show its sincerity.

Social organizations and newspapers in Hong Kong say the British side should recognize the status of the PWC and co-operate with the organ, which was set up under a resolution taken by the National People's Congress of China—if the British side doesn't simply say yes and mean no.

The success of the PWC lies in its working under the principle of "one country, two systems". It has won the support and trust of the Hong Kong residents and people on the mainland, and is confronted with even more arduous and complicated tasks in the future.

XINHUA Hong Branch Director's New Year Message

OW2412005294 Beijing XINHUA Domestic Service in Chinese 1510 GMT 23 Dec 94

[Report by Guo Linchun (6753 3781 2504), signed by Zhang Jianguo (1728 1696 0948); XINHUA adds following parenthetical note: (Please do not publish signed name)]

[FBIS Translated Text] Hong Kong, 23 Dec (XINHUA)—Director of the Hong Kong Branch of XINHUA NEWS AGENCY Zhou Nan today delivered a 1995 New Year message in Hong Kong.

Zhou Nan extended New Year greetings and regards to compatriots and foreign friends in Hong Kong, introduced China's great achievements in promoting modernization during the past year, and hoped that "in the next year, the situation in China will be even better than this year and that Hong Kong will also be even more prosperous.

Zhou Nan said: Since the signing of the "Sino-British Joint Declaration on the Question of Hong Kong" a decade ago, the relationship between the motherland and Hong Kong has been getting closer, and Hong Kong compatriots have closely linked their fate with the development of the mainland. He thanked the broad masses of Hong Kong compatriots for their efforts to guarantee the smooth transition and ensure prosperity in Hong Kong over the past year. He also thanked them for their many valuable suggestions and opinions.

Zhou Nan said: Hong Kong will be returned to the motherland in 1997 in less than 1,000 days. He emphatically pointed out: In the coming days, we must be sober-minded and on guard against anyone making trouble and undermining Hong Kong's stability and prosperity, and we should also accelerate various preparatory work for the establishment of the Special Administrative Region in a bid to ensure an orderly transfer of power in 1997. Zhou Nan said: We hope that the British side will put their verbal promise into action and sincerely cooperate with us instead of doing things to harm stability and prosperity in Hong Kong.

Zhou Nan then cited President Jiang Zemin's words: We must try to ensure the smooth transition of Hong Kong and maintain a long-term stability and prosperity on the basis of relying on our own strength.

In conclusion, Zhou Nan called on Hong Kong compatriots to take more positive action to greet the arrival of 1997 with full confidence. He said: With the support of the increasingly prosperous and developed motherland and the efforts of the six million Hong Kong compatriots, we can certainly overcome all external obstacles and man-made troubles and smoothly implement the great concept of "one country, two systems."

Reporters from more than 30 newspapers and radio and television stations covered the news at the site where Zhou Nan delivered his New Year message. Zhou Nan also answered questions raised by reporters.

Zhou Nan Criticizes UK Attitude

HK2412053894 Hong Kong SOUTH CHINA MORNING POST in English 24 Dec 94 p 1

[By Linda Choy]

[FBIS Transcribed Text] China's top envoy in the territory, Zhou Nan, yesterday blasted Britain for its refusal to further facilitate the work of the Preliminary Working Committee (PWC). In his New Year address to Hong Kong, the Xinhua (New China News Agency) chief said that Sino-British relations in the coming year hinged on Britain's sincerity in assisting the smooth handover.

The Government's attitude towards the PWC would serve as an index for its sincerity, Mr Zhou said. "About two days after the PWC plenum, he (Governor Chris Patten) said that he could not proceed further on the PWC question.

"We are sorry to hear that," he said. "Those comments serve to illustrate that they (Britain) are not willing to make further progress."

Mr Zhou said he could not see a significant improvement in Britain's attitude, despite the fact that the Government had recently allowed a meeting between the Legal Department and the PWC legal sub-group, as well as the handing over of information from the Housing Department.

Noting that 1995 would be a key year for the PWC, Mr Zhou said: "We should accelerate preparatory work for the establishment of the SAR (Special Administrative Region) in a bid to ensure an orderly transfer of power in 1997." Mr Zhou stressed China wanted to focus on its own strength as well as that of the residents of Hong Kong.

Further on Zhou Nan's Comments

HK2412083594 Hong Kong TA KUNG PAO in Chinese 24 Dec 94 p 2

[Report: "XINHUA Hong Kong Branch Director Zhou Nan Urges British Side To Show Sincerity and Be Cooperative on Matters Concerning the Transfer of Government"]

[FBIS Translated Text] While discussing the future development of Sino-British relations in an interview with reporters yesterday (23 December) afternoon, Zhou Nan, director of the Hong Kong branch of the XINHUA News Agency, said the Chinese side welcomes the British side's recent expression of its willingness to restore cooperation with China. However, we hope to see real action, not just lip service, he said.

Zhou Nan said: We must wait and see whether the British side is sincere or simply wants to muddle with some key issues in the coming two and a half years, especially the issue of ensuring a smooth handover of government. On this matter we wish the British side would show real sincerity and cooperate with us. If they do so, it will, of course, be conducive to smooth transition and, in the final analysis, will benefit Britain itself.

Zhou Nan said: Over the past 10 years since the signing of the joint declaration, the cooperation between China and Britain was basically good in the initial period and the first phase. Unfortunately, however, this foundation of cooperation was later disrupted. This was mainly because the British side was totally mistaken in its estimation of the development of the situation in China in 1992 and thus made an erroneous judgment, which resulted in a change in its policy toward China and its stance on the Hong Kong issue. It backed off from its original position, and this undermined the cooperation between China and Britain. In consequence, cooperation has become non-cooperation or even retrogression.

A reporter mentioned to Zhou some remarks earlier made by Chris Patten on the civil servants issue. Zhou Nan said: On the last day of the recent meeting of the Preliminary Work Committee [PWC] in Beijing, Vice Premier and Foreign Minister Qian Qichen delivered a speech, pointing out that one of the very important things is that, if Britain wants to cooperate with us, we hope it will change its course and adopt a cooperative attitude toward the PWC. We have noted a remark made by Chris Patten recently, that they could not proceed any further on the PWC question. This is regrettable. Since

he said he could make no more progress, that means he is not willing to cooperate with us further.

Asked by reporters about whether Deng Xiaoping will visit Shanghai during the coming New Year, Zhou Nan said he had no knowledge of this. But, Zhou Nan added, Deng Xiaoping has said many times that he would visit Hong Kong after 1997, even if he would have to pay the visit on a wheelchair. I believe he is very determined to fulfill his plan. He does have a strong aspiration to do this. Remember that Deng said he hopes to see Hong Kong's return to China before he dies.

As for the question about the candidates to form the Preparatory Committee, Zhou Nan said there are very clear stipulations in the Basic Law on the formation of the Preparatory Committee. So what one needs to do is to simply follow the stipulations, he said.

Says Deng Will Visit

HK2412065194 Hong Kong HONGKONG STANDARD
in English 24 Dec 94 p 4

[By M Y Sung]

[FBIS Transcribed Text] Paramount leader Deng Xiaoping will come to Hong Kong in 1997—even if he has to do so in a wheelchair. That is how determined he is about the territory, says China's top man here, Zhou Nan. "I can see that his determination to come to Hong Kong is very strong. With such a strong will to see Hong Kong's return to China, I believe his wish to be here will come true," the director of the local Xinhua news agency said. "So, never fear, he has to come, even if on a wheelchair."

Mr Nan's remark was prompted by media queries about where Mr Deng would be spending his New Year. The paramount leader usually visits Shanghai, but last year's outing sparked year-long rumours of his demise because television footage showed him to be frail and supported by aides. Mr Zhou said he had no idea where Mr Deng would go. "But I am sure he will not be visiting Hong Kong in the coming year," he said.

Jiang Zemin Meets Industrialists in Beijing

OW2312134594 Beijing XINHUA Domestic Service in
Chinese 0820 GMT 16 Dec 94

[By reporter Duanmu Laidi (4551 2606 0171 1229)]

[FBIS Translated Text] Beijing, 16 Dec (XINHUA)—President Jiang Zemin met with a delegation from the Chinese General Chamber of Commerce of Hong Kong led by its Chairman Tsang Hin Chi in Zhongnanhai today.

Jiang Zemin extended his welcome to the Hong Kong delegation and congratulated Tsang Hin Chi on his election to the 39th chairmanship of the Chinese General Chamber of Commerce of Hong Kong. Jiang Zemin encouraged the Chinese General Chamber of Commerce

of Hong Kong to continue to work hard for Hong Kong's stability and prosperity and for the mainland's economic construction.

Tsang Hin Chi said that the Chinese General Chamber of Commerce will continue to carry forward the tradition of loving China and Hong Kong and contribute to the prosperity, stability, and smooth transfer of Hong Kong.

Present at the meeting were Wang Zhaoguo, director of the United Front Work Department of the CPC Central Committee, and Jing Shuping, chairman of the All-China Federation of Industry and Commerce.

Official on Enhancing Understanding of Basic Law

OW2512020194 Beijing XINHUA in English 0106
GMT 25 Dec 94

[FBIS Transcribed Text] Hong Kong, December 24 (XINHUA)—The task to enhance public understanding of the Basic Law of the Hong Kong Special Administrative Region is of paramount importance and significance, Joseph Wong, Director of Home Affairs of Hong Kong said here today.

Speaking at the opening ceremony of "the Future of Hong Kong '94 Carnival", Wong said that a teaching kit on the Basic Law has been produced and distributed to schools by the Education Department, and a lot of referential materials on this subject is kept in the Civic Education Resource Center for public information.

"Moreover, the Committee on the Promotion of Civic Education will organize a series of activities to increase awareness of the Basic Law including an essay competition as well as publishing booklets on the Basic Law," he said.

He noted that the Basic Law has provided very strong protection for the legal and judicial system and it is worthwhile to explain in greater detail the relevant provisions to the public in Hong Kong.

Interview With Taiwan Official on Press Freedom

HK2712101594 Hong Kong MING PAO in Chinese 19
Dec 94 p A6

[Interview with Cheng An-kuo, head of the Department of Hong Kong and Macao Affairs of the Mainland Committee of Taiwan's Executive Yuan, by Lai Hsiu-ju on 14 December 1994: "Taiwan Hopes Hong Kong People Will Make Concerted Efforts To Defend Media Freedom"]

[FBIS Translated Text] On 14 December 1994, only 930 days from Hong Kong's reversion to the motherland, MING PAO conducted an exclusive interview with Cheng An-kuo, head of the Department of Hong Kong and Macao Affairs of the Mainland Committee of Taiwan's Executive Yuan, who is in charge of Hong Kong and Macao affairs. He spoke on Hong Kong's situation

during the remaining years of the transitional period and Taiwan's policy toward Hong Kong. The interviewer was Lai Hsiu-ju.

[Lai] In the context of the unceasing quarrels between Beijing and London in recent years, do you think the "one country, two systems" idea, which has never been put into practice before, is practical? Will Hong Kong be able to enjoy various freedoms as guaranteed in the Joint Declaration? Can Hong Kong continue to maintain prosperity and stability after 1997?

[Cheng An-kuo] The point is not whether the "one country, two systems" idea has ever been put into practice or not. It is how the CPC is going to interpret it and to what degree the wishes of Hong Kong people will be respected.

If the so-called "one country, two systems" means that they get some people who have similar views and tendencies as the CPC, who act according to the CPC's plans and standards, then it will be a great difference from how we perceive it. The "room for change" in the CPC's recent interpretation of "one country, two systems" in particular is worrying. For example, as stated in the Joint Declaration and the Basic Law, Hong Kong as a special administrative region should have independent executive, legislative, and judicial rights, but now a "Provisional Legislative Council" has unexpectedly been proposed. Is it different from a "rubber stamp"? Whether or not Hong Kong can maintain prosperity, stability, and freedom depends on the CPC's refraining from causing misgivings in whatever they do in the future.

[Lai] What role, do you think, can the British Government play in this issue in the remaining two years or so of its rule over Hong Kong? Can the Taiwan Government assist in the matter?

[Cheng] Most of Hong Kong's problems in recent years have derived from the argument between the CPC and Britain. In their argument, they have not fully respected the wishes of Hong Kong people. The 6 million residents of Hong Kong, which is an international, highly educated, and highly developed society, should have a full say in their future. It is a pity, however, that Hong Kong people find it impossible to fully express their views, which is unthinkable in advanced countries and regions around the world. On relations between the two sides of the Taiwan Strait, the Taiwan Government maintains great concern for the future of Hong Kong and hopes to offer help in the course of Hong Kong people's seeking freedom and democracy. But in practice it is very difficult to offer help.

[Lai] How can the people of Hong Kong maintain its harmonious relations with the mainland while not sacrificing its own way of life? Do you think the Hong Kong media will be able to enjoy freedom after 1997 as they do now?

[Cheng] Hong Kong itself should consider what is meant by "maintaining its harmonious relations with the mainland while not sacrificing its own way of life." Hong Kong's real value does not lie in its economic dimension. There is a spiritual dimension and a political dimension to Hong Kong's vitality. Looking at Hong Kong as merely an "economic city" rather than a "complete city" is a "suzerain state's view of its colony." Hong Kong people must not look on themselves as such!

Hong Kong people should reach a consensus on what is precious in their way of life, including Hong Kong's freedom, human rights, living standards, culture..... the Hong Kong media are a tool for forming the consensus. So far, the character of the Hong Kong media is worth affirming. Its character is an important indicator of whether or not Hong Kong can maintain its status quo after 1997. Hopefully, Hong Kong people as a whole will safeguard the freedom of the media.

[Lai] Do you think that Hong Kong Governor Chris Patten has become a stumbling block to the improvement of relations between Beijing and London?

[Cheng] Chris Patten is only someone who executes policy. If Hong Kong public opinion plays a more positive role in the Sino-British argument, many obstacles will naturally be removed.

Canadian Commissioner Optimistic About Future

HK2712101794 Hong Kong MING PAO in Chinese 19 Dec 94 p a6

[Report on interview with Garrett Lambert, Canadian commissioner to Hong Kong, by a MING PAO reporter; date not given: "Canada Worries About Another Exodus of Emigrants Before 1997"]

[FBIS Translated Text] Canada has taken in the largest number of Hong Kong emigrants in recent years. However, Garrett Lambert, the newly appointed Canadian commissioner to Hong Kong, pointed out that if more and more Hong Kong people migrate to other countries because they lose confidence in the future of Hong Kong, then it will be quite worrisome. He hopes that the Chinese authorities will find ways to remove the doubts and misgivings of the Hong Kong people, the middle-class sector in particular, over the future of Hong Kong.

When interviewed by a reporter of this newspaper to review the past decade since the signing of the Sino-British Joint Declaration and look forward to the prospects for Hong Kong, Garrett Lambert, like many diplomats, revealed his full confidence in the future of Hong Kong, given the recurring ups and downs of the Sino-British relationship over the past 10 years. "Despite the vacillating frame of mind of the Hong Kong people as a result of the disputes between China and Britain over the political system, and the little progress made by the Sino-British Joint Liaison Group, which is certainly not good news....., yet I do not see any fundamental changes (in China's policy toward Hong Kong)," he said.

Garrett Lambert added: It has been an extremely unusual thing in world history that China and Britain have peacefully settled the issue concerning sovereignty and territory. He also spoke highly of the Sino-British Joint Declaration by calling it an excellent constitutional document, which vividly describes in black and white the principle of maintaining the lifestyle of the Hong Kong people. Of course, in his opinion, problems generally crop up from some particulars of the issue.

Although the Canadian commissioner assumed office in Hong Kong only four months ago, he is optimistic about the future of Hong Kong and believes that a number of problems arising from the Sino-British disputes, which are deadlocked at present, will be resolved as 1997 approaches. At the same time, however, he showed concern for many Hong Kong people, who lack confidence in or have failed to eliminate fear for the future, and who have decided to emigrate to other countries before 1997.

"If I might convey a message to the Chinese authorities, I would like to say that the sector that is most seriously affected is the middle class. Entrepreneurs have made Hong Kong prosperous, and the middle-class people have made it (Hong Kong's system) work. Nevertheless, if these people who have enabled this system to operate effectively will leave the territory, how can the system continue to work effectively? I hope that the Chinese authorities will find ways to make these people rest assured of what they are worried about..... I do not in the least doubt that a number of things will be settled as 1997 draws near, but the issue is that many people have decided to emigrate before the arrival of 1997," said Garrett Lambert.

In his view, the present status of Hong Kong is attributable to the human factor. It can be said that the Hong Kong people are China's greatest asset at the time of the handover. Both China and Britain should value them highly and maintain their confidence.

Garrett Lambert does not feel that the disputes between China and Britain over the issue of the Hong Kong political system have stemmed from their unreasonable positions. However, owing to their extremely different social systems, there is a wide gap between them in their views of the future, which should be remedied by patience, contacts, and the understanding of the two sides. He said that since it is no longer a "game of power" between China and Britain, the two sides should seek mutual understanding as far as possible so as to break the stalemate.

Meanwhile, he appealed to the Hong Kong people not to passively let things happen, but to continue expressing their views to China and Britain. Even though they may not comply with their wishes, at least they can make the governments of the two countries realize how strong their demands are.

Garrett Lambert said that officials of the Canadian Government, including himself, will appropriately seize

opportunities to express the concern of the Hong Kong people to the Chinese Government. When Canadian Prime Minister Chretien visited China last month, the Hong Kong issue was placed in a very high position.

With regard to the Canadian Government and people, the most important things they hope for are the continued maintenance of Hong Kong's status as an international financial center; the continued retention of Hong Kong's membership of international organizations; the continued enjoyment of the existing rights and freedoms of the Hong Kong people; the maintenance of the legal spirit and judicial independence; and freedom of speech for the media. That means it is everybody's hope that the lifestyle of the Hong Kong people will remain unchanged after 1997.

UK Authorizes Local Government To Control Exchange Fund

HK2412064994 Hong Kong HONGKONG STANDARD in English 24 Dec 94 p 1

[By Bien Perez]

[FBIS Transcribed Text] Hong Kong is to have absolute control over the US\$43 billion (HK\$335.4 billion) Exchange Fund as soon as legislation is in place. Until now the British Foreign Secretary had the final say on how the fund was invested. This is part of sweeping changes to the Exchange Fund powers announced yesterday by Joseph Yam, Chief Executive of the Hong Kong Monetary Authority [HKMA]. Shortly after Mr Yam's announcement, a bill to give effect to the changes was gazetted. It is expected to be dealt with by the Legislative Council in the spring.

Presently, the authority must get the Foreign Secretary's consent before investing in securities or raise investments over \$50 billion. After various legislation is in place these powers will be vested in the Exchange Fund Advisory Committee or the Governor-in-Council.

According to Mr Yam, these changes will modernise the fund's ordinance and bring it in line with the requirements of the Sino-British Joint Declaration and the Basic Law. The gazette merely describes them as "miscellaneous amendments".

The modernisation of the ordinance was on account of changes in Hong Kong's monetary system and the international financial markets, Mr Yam said. The bill seeks to provide the Financial Secretary with the power to require any authorised institution to maintain an account with the Monetary Authority for the account of the Exchange Fund.

This proposal would provide legal backing for the so-called "Accounting Arrangements"—a monetary reform measure introduced in 1988. Accounting Arrangements involve a contractual agreement between the Financial Secretary as Controller of the Exchange Fund, and

Hongkong-Bank as management bank of the clearing house of the Hong Kong Association of Banks.

Under the arrangements, Hongkong Bank is required to maintain an account with the Exchange Fund and to manage the net clearing balance of the rest of the banking system in such a way that it will not exceed the balance in its account. A HKMA spokesman said the fund currently contains a \$335.1 billion war-chest for Hong Kong.

Through the arrangements, the government had acquired an effective monetary management mechanism to influence the level of interbank liquidity and hence interbank interest rates, to greatly improve Hong Kong's capability to deliver exchange rate stability, Mr Yam said. "The proposed changes will facilitate the implementation of a more robust interbank payment system, involving all licensed banks opening clearing accounts with the Monetary Authority," he said.

The bill would remove an impediment for the fund to raise additional financing at short notice, Mr Yam said. The bill also proposes tightening of the present mechanism for a transfer of "excess assets" of the Exchange Fund to the general revenue and other funds of Hong Kong in Section 8 of the ordinance. The bill imposes an additional requirement in that the Financial Secretary must be satisfied that such a transfer would not adversely affect his ability to fulfil his duties.

The bill also makes provisions for the issue and redemption of certificates of indebtedness in computerised book entry form to improve the efficiency of the process.

Japanese Consul on Concerns Over '97 Handover

HK2712122094 Hong Kong MING PAO in Chinese 19 Dec 94 p A6

[Report of interview with Akisa Nokami, Japanese consul general to Hong Kong, by Liang Heng-nan (4731 0077 0589); date not given: "Japan Worries About the Loss of Three Magic Weapons"]

[FBIS Translated Text] The Golden Mean

Akisa Nokami, Japanese consul general to Hong Kong stressed, that he was neither optimistic nor pessimistic about Hong Kong's future; he views Hong Kong's future and the Sino-British dispute in a pragmatic way and believes that China and Britain will eventually sort out a solution to the Hong Kong issue. He made these remarks in an interview with this reporter.

Akisa Nokami did not evade the fact that because of Japan's huge investment in Hong Kong, Japan could not tolerate the worsening of the Hong Kong issue to affect the investment climate, thus jeopardizing the opportunities for 730 Japanese companies operating in Hong Kong to make money, affecting the long-range strategy of 70 Japanese banks which account for 53 percent of the total assets of Hong Kong banks. Such being the case, he

had just made a trip to Beijing a week before the interview and expressed Japan's worries to Director Lu Ping of the State Council's Hong Kong and Macao Affairs Office.

Akisa Nokami cited the words he expressed personally to Lu Ping to this reporter: The rule of law, a clean government, and an contingent of efficient civil servants are the most important factors to maintain prosperity and stability in Hong Kong as well as its status as an international financial center.

Hong Kong is already Japan's most important financial center overseas, more important than London and New York. Akisa Nokami went to great lengths to explain why he was not pessimistic about Hong Kong. He also talked about his views on Hong Kong Governor Chris Patten.

Japan's Largest Financial Base Overseas

[Liang] Could you please tell us how you view Hong Kong's future?

[Nokami] Japan has become increasingly active in its economic activities in Hong Kong. Presently, there are approximately 1,300 Japanese firms doing business in Hong Kong, with 730 of them being Japanese Chamber of Commerce members. Especially eye-catching is the fact that an increasingly large number of Japanese Banks have come to Hong Kong. By the end of the year, there will be 70 banks with branches or offices set up in Hong Kong, far greater in number than in New York or London. Hong Kong has become Japan's largest financial base overseas. The fact that there is a greater number of banks in Hong Kong demonstrates that Japanese businessmen have confidence in Hong Kong's future; they would not have come to Hong Kong otherwise.

[Liang] Is there any risk [preceding word published in Roman script] ahead?

[Nokami] I would not use the word "risk." I think there are some factors of uncertainty [preceding word published in Roman script] with which, I believe, Hong Kong residents can deal. We hope that Hong Kong residents can handle the problems resulting from the transition in 1997.

[Liang] Could you tell us what is the greatest worry for Japanese businessmen?

[Nokami] Basically it is the climate for doing business. Some people may not like my using the term rule of law [preceding three words published in Roman Script] which, to my mind, is very important; in addition, a contingent of civil servants who are efficient and transparent in their operation is also vitally important. As well as these two factors, the free economic system is also attractive, accounts for their (Japanese businessmen) coming to invest.

Hong Kong's Prosperity Is Very Important to Japan

[Liang] Sino-British relations have turned really tense of late; do Japanese businessmen worry about the situation?

[Nokami] It is inevitable that difficulties have surfaced when the two sides are making arrangements for the transition of sovereignty. We hope that the two sides can work out the details and arrangements in an appropriate and proper manner. In actual fact, details are very important to ensure there is no interference in daily life. Sino-British talks naturally concern the two sides only but, to a third party, and there are many other third parties, international interest lies in Hong Kong because Hong Kong is an international city. Of course, China does not like the word "internationalize" and nor are we "internationalizing" the issue; but, in actual fact Hong Kong is an international metropolis and all sides will be affected.

[Liang] During the recent Asia-Pacific Economic Cooperation APEC session, the Japanese prime minister and Chinese foreign minister met and talked about the Hong Kong transition issue. What was the Japanese prime minister's message to the Chinese foreign minister?

[Nokami] It was very simple. Hong Kong's prosperity today is important not only to Hong Kong people but also to Japan as well as China. From the angle of the APEC meeting, the continuous prosperity of Hong Kong is likewise important to other countries in the region. To maintain Hong Kong's prosperity and stability, we must express our attitude to both China and Britain. During Hong Kong Governor Chris Patten's visit to Japan, we also stated our position.

[Liang]: Regarding the Hong Kong Issue, the present Sino-British relations are not satisfactory; could Japan do something to improve Sino-British relations?

[Nokami] Right now, they are conducting dialogues.

[Liang] But they can in no way reach an agreement.

[Nokami] I'm not quite sure on that point, I am not quite sure. They are both grown-up people. What (Japan) can do is, in fact, very simple, namely, to make investment in Hong Kong in a down-to-earth way and help in doing a good job of Hong Kong's economy; but of course, to continue to make money, too.

What I want to emphasize is to help doing a good job of Hong Kong's economy in a down-to-earth way. We must emphasize that to attract investment from Japanese businessmen, a clean government, the rule of law, and a highly-efficient contingent of civil servants are all important.

Governor Chris Patten Is Not a Stumbling Block to Sino-British Relations

[Liang] China worries much about the democratization of Hong Kong's political system. Do Japanese investors worry about it, too?

[Nokami] I went to Beijing last week, and met officials in charge of Hong Kong affairs. I told them about the condition of Japanese businessmen participating in

Hong Kong's economy while stressing the importance of maintaining Hong Kong's merits.

[Liang] Could you tell us the status of the Chinese officials you met?

[Nokami] Director Lu Ping of the State Council Hong Kong and Macao Affairs Office....

[Liang] Are you satisfied with their answers?

[Nokami] They understood us very well and told us not to worry. I think that other countries with great interest in Hong Kong will also take corresponding actions to make known their worries.

[Liang] You have mentioned the three links, a clean government, the rule of law, and a free economy.

[Nokami] The living environment is also very important. It is rather difficult to make that point clear. For example, being free of pollution (Liang pointed to the beautiful harbor outside the window) is also very important. Each year, 1.5 million Japanese tourists visit Hong Kong and make great contributions to Hong Kong's tourist industry. Should Hong Kong, the "fragrant" harbor, be turned into the "smelly" harbor, with its streets dirty and all the trees gone, that would be dangerous for tourists would not set foot in it any more. The clean government I refer to includes sound public security and, consequently, it would be safe to visit Temple Street [a night market] in the evening.

[Liang] Some people believe that Mr. Chris Patten is not what you described just now as being grown up and that he is a stumbling block in Sino-British relations.

[Nokami] I don't agree with that point. I believe he has a new set of value concepts. Hong Kong is advancing toward a new century and he has some new ideas. His performance as Minister for Overseas Development was outstanding before he came to Hong Kong. He is a young statesman.

What kind of a Hong Kong governor would be accepted (by the Chinese side)? A yes-man to China? Sino-British relations may not be smooth; nevertheless, Hong Kong boasts a clever statesman with charisma (Liang: You are referring to Mr. Chris Patten) and Chief Secretary Mrs. Anson Chan. Under them are very efficient assistants, such as Michael Sze Cho-cheung.... They stand at the same front as the Hong Kong governor. Mrs. Anson Chan is sometimes more enterprising than Chris Patten.

A Solution Will Eventually Be Sorted Out

[Liang] From the angle of a third party what, in your opinion, has Britain done wrong to have affected Sino-British relations?

[Nokami] Some conditions have actually surfaced. But I believe the two sides have exerted great efforts to settle the Hong Kong issue. To my mind, in the end, both sides will proceed from the interest of each country to settle

the issue of Hong Kong's future. In my opinion, both sides will score results and sort out a solution.

[Liang] However, what we actually saw was that the Chinese went one way, whereas the British side went another way.

[Nokami] I was in Middle East before I came to Hong Kong and I participated in the Mid-East peace progress. At that time, nobody could imagine that Arafat (the PLO leader) would ever enter (the occupied zone) Gaza. But how are things today? Only two years have passed and the Japanese Government is providing the Palestinian police with uniforms. With time, the two sides will eventually score results out of their own interest. Of course, there will be problems in the course of negotiations.

[Liang] Are you optimistic about the two sides eventually scoring results?

[Nokami] This is not an issue to be optimistic or pessimistic about. Both the Chinese and British sides have responsibilities to resolve the problems involved. Otherwise, not only Hong Kong people but other third parties would be affected.

[Liang] Do you believe that we can continue to enjoy the existing freedom of the press after 1997?

[Nokami] A free economy can only be implemented under the condition of free accessibility to information. Especially information concerning finance must be freely accessible. Furthermore, the position of Hong Kong as an information center has become increasingly important; this refers not only to press media but also to electronic media and international ties through telecommunications. In my opinion, if this information comes under control, it would be extremely difficult for Hong Kong to maintain its position as an international center for finance and telecommunications.... Should those publications of which yuppies are fond, be banned, yuppies would not come to work in Hong Kong any longer. Under such circumstances, who would continue to manage the existing financial organizations? It will take a very, very long time for Shanghai to become a financial center; at present, China still has to depend on Hong Kong.

Survey Shows Trust in Governments Falls

HK2412064594 Hong Kong EASTERN EXPRESS in English 24 Dec 94 p 4

[By Andrew Huige and Leah Krakinowski]

[FBIS Transcribed Text] Trust in the Hong Kong, Chinese and British governments has fallen to new lows, according to a survey by a University of Hong Kong researcher. The survey, conducted during the past 12 months by Robert Chung, an officer for the university's

social sciences research centre, shows that the Hong Kong Government suffered the most serious decline.

The poll of 6,325 adults above the age of 18 indicated they trusted the Hong Kong Government more than twice as much as the British and Chinese governments. However that level has fallen to 47.1 percent from 54.7 percent in 1993. That is a 7.6 percent drop, compared to a fall of 4.7 percent for the Chinese government and a 5.2 percent drop for the British government.

Chung said the decline in confidence should not necessarily be construed as negative considering the marked difference in support for the Hong Kong Government. The British and Chinese governments garnered less than half the trust of their Hong Kong counterparts, with 22.4 percent and 19.2 percent respectively.

"That could mean they have confidence in the current government, that they have faith in them," Chung said. He said the poll measured "trust" in the Government rather than "support".

"Trust is a strong word, but an appropriate word in Chinese culture," he said. "In the West, you might ask whether people approve of their government because they can change the government.

"But in Hong Kong, the people cannot change any of the three governments, so we preferred to ask for their level of trust in the three governments."

Chung said the results of the survey ought to be carefully considered by the British and Chinese governments. "The survey carries a warning to both the British and Chinese governments, but especially the Chinese government, because in two-and-a-half year's time, China will be the sovereign government.

"At this point in time, Hong Kong people do not trust the Chinese government."

The fact that the Chinese government will be taking over a territory where it has sovereignty, but not the faith of the people, may spell trouble for relations between the government and its new subjects. "Very practically, after 1997, when people don't have trust, they may rebel," Chung said. "When you don't have the faith of the people, you don't give them incentives for economic, social and cultural development."

Turning to the future of Hong Kong, Chung reported that more than 56.5 percent of the respondents this year felt confident in the future of territory. This compares quite favourably to the 22.3 percent who stated they lacked confidence, even when combined with the 21 percent who said they did not know how they felt about the future of Hong Kong. From these figures, Chung said he had concluded that, although Hong Kong people generally have reservations at the performance of the three governments, they are still quite confident about Hong Kong's future development.

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